

Comprehensive Annual Financial Report



American Fork City, Utah
Fiscal Year Ended June 30, 2020

(This page intentionally left blank)

City of American Fork State of Utah

Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2020



(This page intentionally left blank)

CITY OF AMERICAN FORK

Table of Contents

Fiscal Year Ended June 30, 2020

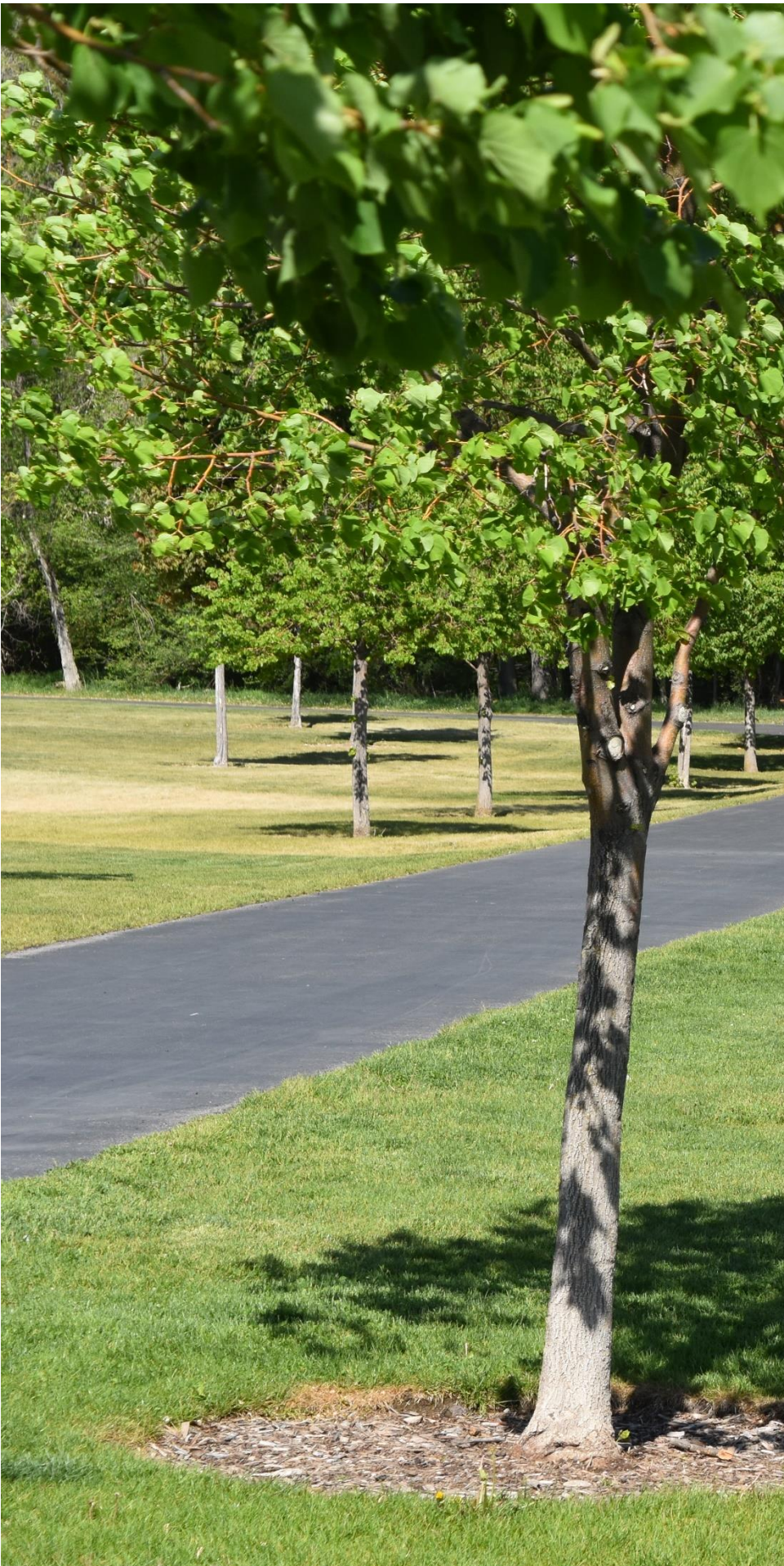
	Page
INTRODUCTORY SECTION	1
Letter of Transmittal.....	2
Elected and Appointed Officials	8
Organizational Chart.....	9
Certificate of Achievement.....	10
FINANCIAL SECTION	11
Independent Auditors’ Report on Financial Statements and Supplementary Information	13
Management’s Discussion and Analysis	15
BASIC FINANCIAL STATEMENTS	31
Government-Wide Financial Statements	
Statement of Net Position	33
Statement of Activities.....	34
Fund Financial Statements	
Governmental Fund Financial Statements:	
Balance Sheet.....	36
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	37
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	38
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	39
Proprietary Fund Financial Statements	
Statement of Net Position	41
Statement of Revenues, Expenses, and Changes in Net Position	42
Statement of Cash Flows	43
Notes to the Financial Statements	44
REQUIRED SUPPLEMENTARY INFORMATION	77
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual General Fund	80
Schedule of the Proportionate Share of the Net Pension Liability.....	80
Schedule of Contributions – Utah Retirement Systems	81
Notes to Required Supplementary Information	83
SUPPLEMENTARY INFORMATION	85
Combining and Individual Fund Statements and Schedules	
Non-Major Governmental Funds	87
Combining Balance Sheet	88
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	90
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
Capital Projects – Capital Projects Fund.....	92
Debt Service – Debt Service Fund	93
Fitness Center – Special Revenue Fund.....	94
Parks, Arts, Recreation, and Culture (PARC) Tax – Special Revenue Fund	95
Redevelopment Agency – Special Revenue Fund	96

CITY OF AMERICAN FORK

Table of Contents

Fiscal Year Ended June 30, 2020

Downtown Redevelopment – Special Revenue Fund	97
Celebration – Special Revenue Fund	98
Municipal Building Authority – Special Revenue Fund	99
Cemetery Perpetual Care – Permanent Fund	100
Nonmajor Proprietary Funds	101
Combining Statement of Net Position	102
Combining Statement of Revenues, Expenditures, and Changes in Net Position	103
Combining Statement of Cash Flows	104
STATISTICAL SECTION	105
Net Position by Component	107
Changes in Net Position	108
Governmental Funds – Fund Balances	112
Governmental Funds – Changes in Fund Balances	114
Assessed Value and Estimated Actual Value of Taxable Property	116
Property Tax Rates – Direct and Overlapping Governments	117
Principal Property Tax Payers	118
Property Tax Levied and Collections	119
Principal Sales Tax Payers	120
Direct and Overlapping Sales Tax Rates	121
Charges for Water, Sewer, and Storm Drain Fees	122
Ratios of Outstanding Debt by Type	123
Ratios of General Bonded Debt Outstanding	124
Direct and Overlapping Governmental Activities Debt	125
Legal Debt Margin Information	126
Pledged Revenue Coverage	127
Demographic and Economic Statistics	128
Principal Employers	129
Full-Time Equivalent City Employees by Function/Program	130
Operating Indicators by Function/Program	132
Capital Asset Statistics by Function/Program	134
INTERNAL CONTROL AND COMPLIANCE REPORTS	137
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with the <i>Government Auditing Standards</i>	138
Independent Auditors’ Report as Required by the <i>State Compliance Audit Guide</i> on Compliance with General State Compliance Requirements and Internal Control Over Compliance	140
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	142
Schedule of Expenditures of Federal Awards	144
Notes to the Schedule of Expenditures of Federal Awards	145
Schedule of Findings and Questioned Costs	146



Introductory Section



December 21, 2020

OFFICE: (801) 763-3000
FAX: (801) 763-3033
WEB: www.americanfork.gov

51 E. Main St.
American Fork, UT 84003

The Honorable Mayor and
Members of the City Council
American Fork, Utah

RE: Finance Officer's Transmittal Letter and Report on Financial Statements

The Comprehensive Annual Financial Report (CAFR) of the City of American Fork (the City) for the fiscal year ended June 30, 2020, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require the City to issue a report on its financial position and activity, and this report must be annually audited by an independent firm of certified public accountants. We believe the information, as presented, is accurate in all material aspects, and is presented in a manner designed to set forth fairly, in all material respects, the financial position and results of operations of the City as measured and reported by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an adequate understanding of the City's financial affairs have been included.

This CAFR has been prepared by the City's Finance Director. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

The financial reporting entity (the City) includes all the funds of the primary government (i.e., the City as legally defined), as well as all its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the American Fork Redevelopment Agency and American Fork Municipal Building Authority are reported in this CAFR as special revenue fund

GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION, AND OUTLOOK

Governmental Structure

The City has operated under the mayor-council form of government since incorporation. Policy making and legislative authority are vested in a governing council consisting of a mayor and five council

members. The governing council is responsible, among other things, for passing ordinances, approving the budget, and providing “advice and consent” for Mayoral appointments. The City Council is elected on a non-partisan basis. All Council members serve four-year terms, in addition to the Mayor.

The City Administrator is responsible for carrying out the policies and ordinances of the governing council, and for overseeing day-to-day operations of the City.

Economic Condition and Outlook

The City of American Fork, incorporated in 1853, is located in the northern region of Utah County along the Wasatch Front. The City is situated approximately 28 miles from Salt Lake City, the capital of Utah. The City is a growing suburban community encompassing approximately 10.38 square miles. The City’s population is estimated at 33,161 (U.S. Census Bureau). This is a 26.3 percent increase since 2010, and a year-over-year increase of 2.0 percent. We anticipate the population in American Fork will continue to increase as the City remains a desirable place to live and businesses are attracted to the technology corridor along I-15 in Utah County.

The added population has placed increased demands on services, but the City has adopted a conservative approach to the expansion of these services. The general philosophy of the City is that increased revenues from existing taxes and other revenue sources must provide the base for the expansion of public expenditures. As demonstrated over the past several years, the City is committed to this philosophy.

The City has experienced an economic expansion in recent years and many developers have expressed interest in developing in American Fork. In addition, American Fork is located along the “Silicon Slopes,” a collection of information technology, software development, hardware manufacturing, and research firms along the Wasatch front. The City also anticipates additional growth along Utah Transit Authority’s Frontrunner commuter rail line. In fact, the City is actively pursuing creation of a Community Reinvestment Area (CRA) in this region to facilitate development. During fiscal year 2019 The City Council passed a revised Transit Oriented Development (TOD) zoning code for this area, further setting a vision for development of this area.

Recent challenges and changes brought about by the COVID-19 pandemic have impacted American Fork City during fiscal year 2020. Management has evaluated the impact of these challenges through a variety of factors including:

- Current and future reductions in sales tax-based revenues, charges for services, and/or state-shared revenues.
- Prolonged accounts receivable and utility collections.
- Delayed vendor performance, project suspensions and revised completion dates.
- Adjustments to the workforce including layoffs, furloughs and/or job-reassignments.
- Changes to processes and internal controls for critical operations, including accounts payable, procurement, payroll, and/or IT systems.

Although long-lasting effects of the pandemic are unknown, the City took a conservative approach to operations and fiscal management during the current year. Several facilities and programs were closed or postponed during the months of April and May 2020, including the fitness center, library, recreation, and parks due to State mandates. This resulted in the reduction of part-time staffing as well as the delay of several capital projects.

Despite the expectation of an economic slowdown, the City received \$9,971,598 in the General Fund Sales Tax, and increase of \$1,089,954 or 12.2%. The city also received an increase in building permit revenue of 14.4% or \$152,253. Management will continue to monitor closely the financial and operation impact of the pandemic throughout the next fiscal year.

Additional information regarding the City's economic factors can be found on page 29 of the MD&A.

MAJOR INITIATIVES

City Council Strategic Goals. The City Council prioritized five areas to support the mission of the American Fork City. These goals are as follows:

1. *Public Safety*
 - Build another Public Safety building to house a second fire station and police substation.
 - *Status – The City issued General Obligation Bonds, Series 2020 in May 2020 for \$8.35 million for the construction of the fire station and police substation.*
2. *Fiscal Responsibility*
 - Develop a fund balance policy for the General Fund.
 - *Status – A fund balance policy was adopted by resolution on May 28, 2019.*
3. *Infrastructure Improvements*
 - Create and fund a plan that maps out road, sidewalk, and utility needs in the City.
 - *Status – The City's Public Works Department is currently revising the pavement management plan, transportation master plan, and impact fee facility plan.*
4. *Communication*
 - Set up a technology committee to inventory the City's technology needs and evaluate solutions.
 - *Status – The technology committee members have been established and initial technology recommendations are under review.*

Capital Projects. The City's staff, following specific directives of the City Council and Mayor, have been involved in a variety of projects throughout the year. These projects reflect the City's commitment to ensure the citizens of American Fork can live and work in a desirable environment. During fiscal year 2020, the City had several significant new and ongoing projects. Some of these projects are listed below:

1. Road Projects. Fiscal year 2020 was the third year of the 10-year pavement management plan. However, most fiscal year 2020 projects will not be completed until fiscal year 2021. A total of \$182,592 was spent on projects during the fiscal year, and purchase orders totaling

\$2,309,433 were outstanding at the end of the year and will be added to the fiscal year 2020 pavement management plan budget. In addition to the pavement management plan, the Streets Department spent \$397,642 on general road maintenance and repair and \$193,978 was spent on sidewalk repair. In addition to the continued design of 200 South, other road projects started in fiscal year 2020 included the widening of 300 North at 100 East and reconstruction of 860 East.

2. Park Projects. Construction on the expansion of Art Dye park continued during the fiscal year. A bond was issued to finance Art Dye expansion in fiscal year 2018. This bond provided over \$3 million towards expansion of the park. Bond proceeds, PARC tax funds, and park impact fees financed construction. A total of \$1,687,867 was spent during the year. Construction is anticipated to be completed in fiscal year 2021.
3. Equipment. The City purchased multiple vehicles during fiscal year 2020. A ladder truck, ambulance and brush truck were all purchased for the fire department and financed through a capital lease. Eight police vehicles were purchased as part of the public safety vehicle replacement program. In addition, two trucks and a loader were purchased for the public works department.
4. Water Projects. The Water Fund spent \$663,668 to rehabilitate the Upper Water Tank, \$485,870 on Main and State to 100 East betterments, and \$250,385 on the completion of the spring line from American Fork canyon. An additional \$471,779 was spent on water line replacement projects partially funded through a federal Community Development Block Grant (CDBG). Preliminary design and engineering work totaling \$74,747 was also spent for the City's 36-inch waterline project.
5. Broadband. The City spent \$146,486 on a continued study to determine strategic opportunities for the City's current broadband infrastructure and to determine if City-owned fiber infrastructure is feasible. This project will continue into fiscal year 2021.

One of the major initiatives of the City is to improve its road infrastructure. Fiscal year 2020 marked the third year of a 10-year pavement management plan. Much of the budget for the 2020 improvements are carried forward to be completed during the 2021 fiscal year. The public works department is currently revising the pavement management plan, which will spur discussions on long-term financing of the plan.

Economic Development. The Mayor, City Council, and administration recognizes the need to develop the City's economic base to provide the necessary services, i.e., recreation, roads, public safety, etc., to its citizens. Efforts are being made by the City to attract new businesses and to promote the type of activities that will enhance the quality of life in the community. These businesses include restaurants, office buildings, retail, and industrial space.

American Fork currently has a mix of retail, light manufacturing, professional office, and commercial space, and has successfully used its Redevelopment Agencies to expand this base. Located along Interstate 15, "The Meadows," a large shopping and entertainment center located in American Fork, provides a large sales tax base for the City, and has become a destination retail hub in northern Utah County. The City is also home to several automobile dealerships and repair facilities.

North Pointe Business Park, located in American Fork, is a 100-acre business park offering high image, class A industrial space and has become a very attractive location due to its proximity to I-15 and American Fork's well-educated workforce.

Many large businesses and government entities, such as Alpine School District, Utah State Developmental Center, Domo, and American Fork Hospital, to name a few, have significant operations in American Fork.

The City's success in recruiting a diverse commercial base demonstrates the City's dedication to the establishment of long-term, sustained economic growth. The City will continue to encourage development using redevelopment areas when appropriate.

FINANCIAL INFORMATION

American Fork's financial statements reflect a robust and growing City. From fiscal year 2015 to 2020, the City's governmental funds revenues increased from \$27,137,819 to \$42,111,931, and expenditures increased from \$30,587,869 to \$34,324,266. In recent years, the City has been focusing its efforts on controlling costs in an effort to fund the City's strategic priorities. It is also important to note that much of the revenue increase is due to impact fees received and other restricted revenues. Property tax rates have not been increased since 2007. Proprietary fund operating revenues have increased as well, going from \$12,908,896 to \$18,887,241, while operating expenses increased from \$9,597,331 to \$14,873,732. Some of this increase is due to the addition of Fleet and Sanitation Funds in fiscal year 2018 and the Technology Fund in 2020. In addition, the City recognized the need to ensure future capital projects were funded in the utility funds, and approved appropriate rate increases to accomplish this. The expense increases are also due to servicing a larger population, addressing deferred capital infrastructure repairs, and increased maintenance costs due to aging infrastructure.

As a recipient of federal and state financial assistance, the City is also responsible for ensuring an adequate internal control structure and for documenting compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluations. The audit for the fiscal year ended June 30, 2020, disclosed no instances of internal control weaknesses.

The City's budget serves as the foundation for its financial planning and control. The City Administrator, in conjunction with City staff, Mayor, and City Council, proposes an annual budget which is presented to the City Council for review no later than the first council meeting in May. The Council is required to hold a public hearing on the proposed budget and to adopt the final budget prior to June 30, unless the City proposes a property tax rate in excess of its certified tax rate. In that case, a tentative budget is adopted and is in force until a public hearing is held to approve the increase.

A budget is prepared for each fund, and the General Fund is further divided into departments. Department heads may request to the Finance Director transfers of appropriations within a department. Transfers of appropriations between funds or increases in revenues require the approval of the City Council. Activities of the General Fund, special revenue funds, Debt Service fund, capital project funds, and proprietary funds are included in the annual appropriated budget. The level of budgetary control

(i.e., the level where expenditures cannot legally exceed the appropriated amount) is at the department level within the General Fund and the fund level for all other funds.

As demonstrated by the statement included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

OTHER INFORMATION

Independent Audit

State statutes require an annual audit by independent certified public accountants. The firm of Larson & Company, PC was selected by the City to perform this audit. This audit was designed to meet the requirements set forth in the Utah state statutes. Generally accepted auditing standards and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditor's report on the financial statements is included in the financial section of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

I would like to thank the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a dedicated and responsible manner.

The preparation of the CAFR on a timely basis could not have been accomplished without the efforts and dedication of City staff, in particular City department directors. I would like to express my appreciation to them and other personnel from various agencies and authorities who assisted in its preparation.

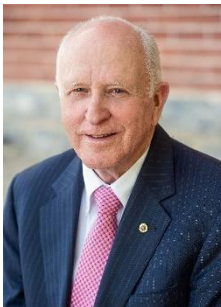
Respectfully submitted,



Anna Montoya
Finance Director



Mayor
Brad Frost



Councilman
Kevin Barnes



Councilman
Staci Carroll



Councilman
Barbara
Christiansen



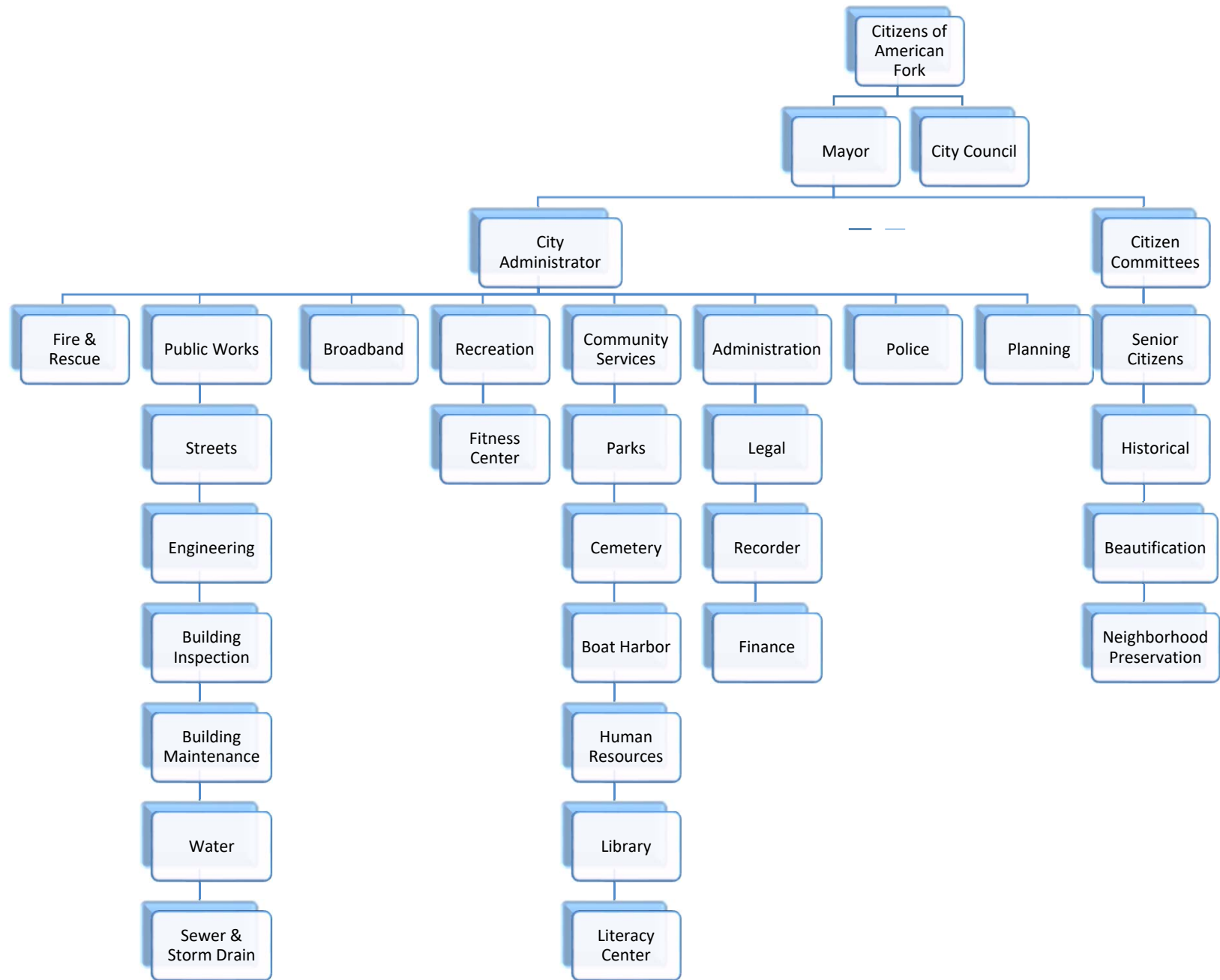
Councilman
Rob Shelton



Councilman
Clark Taylor

Appointed Officials:

David H. Bunker	City Manager
Terilyn Lurker	City Recorder
Laurel Allman	City Treasurer
Aaron Brems	Fire Chief
Darren Falslev	Police Chief





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of American Fork
Utah**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrell

Executive Director/CEO



Financial Section

(This page intentionally left blank)



INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
American Fork City, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of American Fork City, Utah (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of American Fork City, Utah, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Larson & Company, PC

Larson & Company, PC

Spanish Fork, Utah
December 30, 2020

As management of the City of American Fork, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 2 of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2020 by \$231,524,598 (net position). Of this amount, \$29,767,206 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net position of the City of American Fork increased by \$21,925,674. Of this increase, \$11,400,108 (52 percent) is attributable to governmental activities, mainly from donated capital assets and unspent impact fee collections. Business-type activities provided a \$10,525,566 increase to the City's net position primarily due to donated infrastructure and assets.
- As of the close of fiscal year 2020, the City's governmental funds reported combined ending fund balances of \$45,781,599, an increase of \$16,040,636 (56 percent). Most of this increase is due to unspent impact fees in the Capital Projects Fund, along with revenues exceeding expenditures in the General Fund. Of the total fund balance, \$31,709,808 (69 percent) is restricted or committed for certain projects.
- At the end of fiscal year 2020, assigned and unassigned fund balance of the General Fund was \$6,243,556, or 23 percent of General Fund revenues (excluding other financing sources). This is an improvement of 13 percent compared to fiscal year 2019. Utah state law allows any balance of unrestricted funds (committed, assigned and unassigned fund balance) in excess of 5 percent of the total revenues to be utilized for budget purposes. The maximum unrestricted fund balance allowed is 25 percent of total revenues.
- The City's total long-term obligations increased \$3,788,209 (7 percent). The City issued General Obligation bonds in the amount of \$8,035,000 for the construction of a new fire station and capital leases in the amount of \$2,079,500 for fire and ambulance vehicles. This increase was reduced by regularly scheduled debt service payments and the reduction of the City's pension liability.
- At the end of fiscal year 2020, the City recognized total net pension assets of \$320,299 (increase of \$0 from fiscal year 2019) and total net pension liabilities of \$3,339,817 (a decrease of 47 percent from fiscal year 2019). Much of this increase is due the difference between projected and actual earnings on pension plan investments. More information regarding the City's retirement plans can be found in Note 10 beginning on page 67 and in the Required Supplementary Information beginning on page 80.

REPORT OVERVIEW

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, other non-financial factors should also be considered.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, community services, public safety, public works, recreation, culture, and other. The business-type activities of the City include public utilities (water, sewer, storm drain, sanitation) and a broadband network.

The government-wide financial statements can be found on pages 33-34 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City also uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the City's funds can be divided into two categories: Governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year end that are available for spending. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Governmental funds report the difference between their assets, deferred outflows of resources, liabilities, and deferred inflows of resources as fund balance, which is divided into nonspendable, restricted, committed, assigned, and unassigned portions. *Nonspendable* balances include inventories and prepaid expenditures that are not expected to be converted to cash. *Restricted* balances include net fund resources of the City that are subject to external constraints due to state or federal laws or externally imposed conditions by grantors or creditors. Restrictions include debt service cash held in trust, bond proceeds, donations, grant proceeds, impact fees collected, redevelopment agency funds, and perpetual care. *Committed* balances reflect the City's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. Committed balances include cemetery plot sale revenue allocated for cemetery expansion. *Assigned* balances in the General Fund and other governmental funds are those that do not meet the requirements of restricted or committed but are intended to be used for specific purposes. In addition, fund balances appropriated in a subsequent fiscal year are also recorded as assigned fund balance. *Unassigned* balances in the General Fund are all other available net resources. On June 30, 2020, the City's combined governmental fund balance is \$45,781,599 (\$20,041 in nonspendable, \$31,485,053 in restricted, \$224,756 in committed, \$7,808,193 in assigned, and \$6,243,556 in unassigned fund balances). There are no significant restrictions, commitments, or limitations that affect the availability of fund resources for future use. Additional detail regarding governmental fund balances can be found on the governmental funds balance sheet located on page 38 of this report.

Governmental funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets readily convertible to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps users determine the financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities and governmental funds is detailed in a reconciliation included with the fund financial statements.

The City maintains the following ten individual governmental funds:

- General
- Capital Projects
- Debt Service
- Fitness Center
- Celebration
- Redevelopment Agency
- Downtown Redevelopment
- PARC Tax
- Building Authority
- Cemetery Care

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General and Capital Projects Funds, which are classified as major funds. In addition, due to its importance to financial statement users, the Debt Service Fund is also presented as a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is elsewhere in this report.

The basic governmental fund financial statements can be found on pages 36-39 of this report.

Proprietary Funds – The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, storm drain, sanitation, and broadband funds.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its fleet of vehicles. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements provide separate information for the water and sewer services, which are considered major funds of the City. Conversely, the internal service fund is combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 41-43 of this report.

Notes to the financial statements – The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 45 of this report.

Required Supplementary Information (RSI) – This section contains budget to actual comparison statements for the City's General Fund. This section also contains required supplementary information for the City's pension program. The RSI section begins on page 77.

Other Information – In addition to the above-mentioned statements and reports, this report also presents other supplementary information and a statistical section which give additional and more detailed information to the reader. The supplemental section includes individual fund financial statements for the City's nonmajor funds, as well as budget to actual statements for major funds not reported as RSI. The statistical section gives various financial and demographic data of the City, including trend analysis for certain financial data. The supplementary section begins on page 85, and the statistical section begins on page 105.

CITY OF AMERICAN FORK
Management Discussion and Analysis
Fiscal Year Ended June 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of American Fork, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$231,669,469 as of June 30, 2020.

By far the largest portion of the City's position (79.2 percent) reflects its investments in capital assets (e.g., land, water shares, buildings and structure, machinery and equipment, improvements, construction in progress, and right of way), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services; consequently, these assets are not available for future spending. Although the City's investments in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table summarizes the City's net position:

CITY OF AMERICAN FORK

Summary of Net Position

For the Year Ended June 30, 2020

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 59,998,012	\$ 41,597,371	\$ 27,370,933	\$ 22,520,858	\$ 87,368,945	\$ 64,118,229
Capital Assets	98,724,528	93,981,789	115,420,124	112,085,714	214,144,652	206,067,503
Total Assets	158,722,540	135,579,160	142,791,057	134,606,572	301,513,597	270,185,732
Total Deferred Outflows of Resources	1,450,234	2,926,789	2,466,480	2,890,591	3,916,714	5,817,380
Current Liabilities Outstanding	6,344,093	5,421,694	1,623,705	2,215,917	7,967,798	7,637,611
Long Term Liabilities	18,148,853	12,107,825	37,913,854	40,166,673	56,062,707	52,274,498
Total Liabilities	24,492,946	17,529,519	39,537,559	42,382,590	64,030,505	59,912,109
Total Deferred Inflows of Resources	9,557,054	6,398,635	173,283	93,444	9,730,337	6,492,079
Net Investment in Capital Assets	93,665,386	90,845,044	80,253,639	75,253,929	173,919,025	166,098,973
Restricted	22,448,878	18,527,450	5,389,489	2,232,191	27,838,367	20,759,641
Unrestricted	10,008,510	5,205,301	19,903,567	17,535,009	29,912,077	22,740,310
Total Net Position	\$ 126,122,774	\$ 114,577,795	\$ 105,546,695	\$ 95,021,129	\$ 231,669,469	\$ 209,598,924

An additional portion of the City's net position (12 percent) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$29,912,077 may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2020, the City can report positive balances in all three categories of net position for the government as well as for its separate governmental-type activities. Positive balances for all three categories are also reported for the water, sewer, storm drain, and sanitation funds. The Broadband

CITY OF AMERICAN FORK
Management Discussion and Analysis
Fiscal Year Ended June 30, 2020

Fund, however, reports negative restricted fund balance. The City is evaluating long-term options for this fund and began subsidizing current year operations from the General Fund in fiscal year 2020.

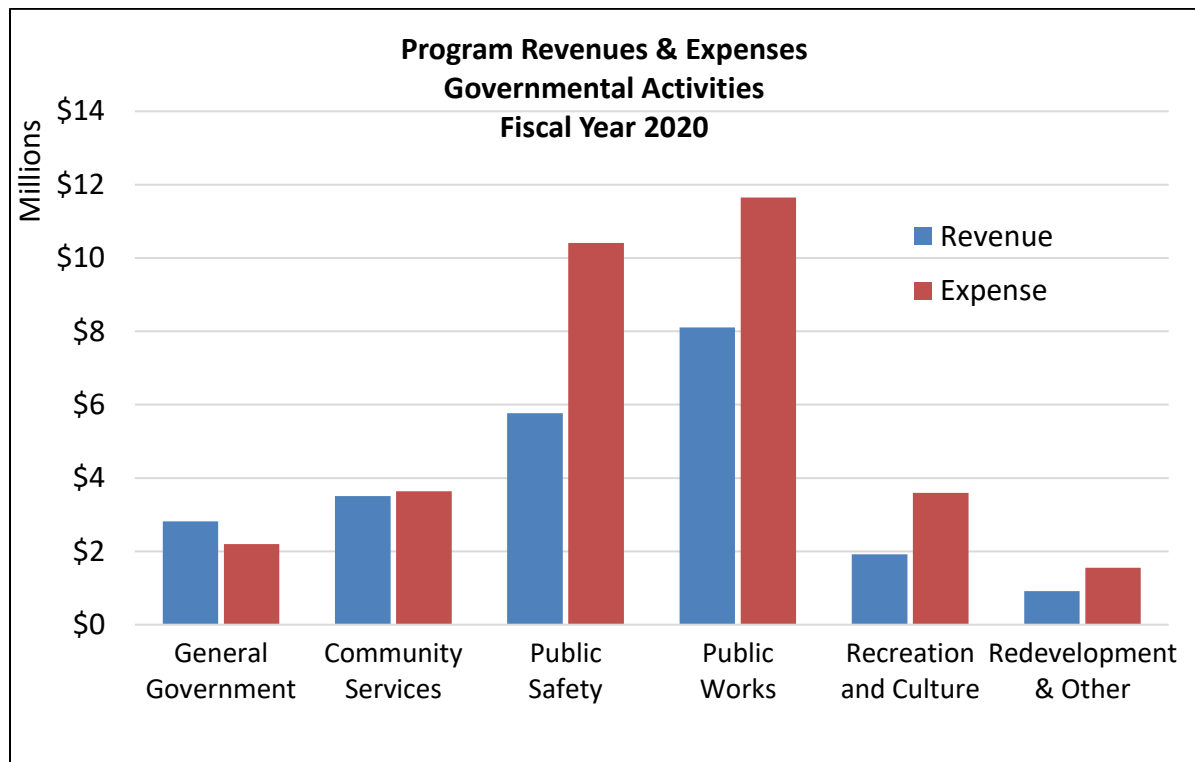
Analysis of the City's Operations – The following table provides a summary of the City's operations for the year ended June 30, 2020:

CITY OF AMERICAN FORK
Summary of Changes in Net Position
For the Period Ended June 30, 2020

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for Services	\$ 11,286,431	\$ 11,330,710	\$ 17,406,763	\$ 16,815,343	\$ 28,693,194	\$ 28,146,053
Operating Grants and Contributions	1,620,919	210,911	-	-	1,620,919	210,911
Capital Grants and Contributions	10,129,814	8,350,932	7,130,448	12,239,099	17,260,262	20,590,031
General Revenues:						
Property Taxes	6,595,930	6,433,001	-	-	6,595,930	6,433,001
Other Taxes	14,634,015	12,453,863	-	-	14,634,015	12,453,863
Other	660,147	813,766	-	-	660,147	813,766
Total Revenues	<u>44,927,256</u>	<u>39,593,183</u>	<u>24,537,211</u>	<u>29,054,442</u>	<u>69,464,467</u>	<u>68,647,625</u>
Expenses:						
General Government	2,197,343	2,452,330	-	-	2,197,343	2,452,330
Community Services	3,633,976	3,471,468	-	-	3,633,976	3,471,468.00
Public Safety	10,411,791	10,648,298	-	-	10,411,791	10,648,298
Public Works	11,645,677	8,701,583	-	-	11,645,677	8,701,583
Recreation and Culture	3,592,816	3,956,814	-	-	3,592,816	3,956,814.00
Redevelopment/Public Improvements	627,987	581,388	-	-	627,987	581,388
Other	922,355	1,189,608	-	-	922,355	1,189,608
Interest on Long-Term Debt	198,317	187,983	-	-	198,317	187,983
Water	-	-	6,956,281	6,624,070	6,956,281	6,624,070
Sewer	-	-	4,323,263	4,474,585	4,323,263	4,474,585
Storm Drain	-	-	1,039,367	1,060,060	1,039,367	1,060,060
Sanitation	-	-	1,460,830	1,284,101	1,460,830	1,284,101
Broadband	-	-	550,118	476,902	550,118	476,902
Total Expenses	<u>33,230,262</u>	<u>31,189,472</u>	<u>14,329,859</u>	<u>13,919,718</u>	<u>47,560,121</u>	<u>45,109,190</u>
Gain on Sale of Capital Assets	<u>21,328</u>	<u>24,085</u>	<u>-</u>	<u>-</u>	<u>21,328</u>	<u>24,085</u>
Increase (Decrease) in Net Position Before Transfers	11,718,322	8,427,796	10,207,352	15,134,724	21,925,674	23,562,520
Transfers	<u>(318,214)</u>	<u>(251,723)</u>	<u>318,214</u>	<u>251,723</u>	<u>-</u>	<u>-</u>
Increase in Net Position	<u>11,400,108</u>	<u>8,176,073</u>	<u>10,525,566</u>	<u>15,386,447</u>	<u>21,925,674</u>	<u>23,562,520</u>
Net Position - Beginning	<u>114,577,795</u>	<u>106,401,722</u>	<u>95,021,129</u>	<u>79,634,682</u>	<u>209,598,924</u>	<u>186,036,404</u>
Net Position - Ending	<u>\$ 125,977,903</u>	<u>\$ 114,577,795</u>	<u>\$ 105,546,695</u>	<u>\$ 95,021,129</u>	<u>\$ 231,524,598</u>	<u>\$ 209,598,924</u>

Governmental Activities – Governmental activities increased the City's net position by \$11,400,108. Key elements affecting governmental activities net position are as follows:

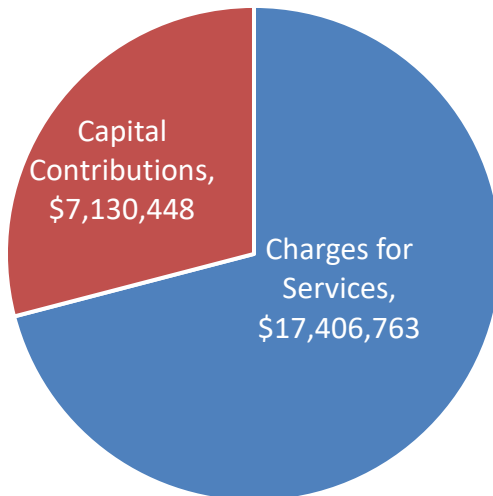
- General Fund revenues exceeded expenditures by \$3,253,056 during fiscal year 2020. The increase can be attributed to several factors. The City received more revenues than anticipated, including \$1.2 million in Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) and tax revenue exceeding budgeted estimates by \$1,145,510. The coronavirus pandemic also resulted in facility closures and reduced services. Consequently, the City experienced expenditures below budgeted appropriations, resulting in a savings of \$1.1 million.



- The City’s governmental funds capital projects funds increased net position by \$12,846,111. Capital projects fund highlights are as follows:
 - The City issued general obligations bonds in May 2020 in the amount of \$8 million. Proceeds from the bonds are recorded in capital projects for the construction of a new fire station. The project start has been delayed due to timing of the property acquisition.
 - Impact fee net revenue in the amount of \$3,131,274 was received in governmental impact fee funds during the fiscal year. Reserves are being accumulated for a number of projects identified in the Impact Fee Facilities Plans (IFFP), including 200 South Bike/Pedestrian Path and developer infrastructure upsizing reimbursements.
 - During fiscal year 2020, the City’s governmental funds expensed \$6,947,007 of capital outlay, which Projects totaling \$5,968,887 were in progress at year end, including the expansion of Art Dye Park and road improvement projects that are also being carried forward for completion into the next fiscal year.

Business-Type Activities – Business-type activities increased the City’s net position by \$10,525,566, which represents an decrease of \$4,860,881 over the previous year’s change. Key elements of the change in business-type net position are as follows:

**Revenues by Source
Business-Type Activities
Fiscal Year Ended June 30, 2020**



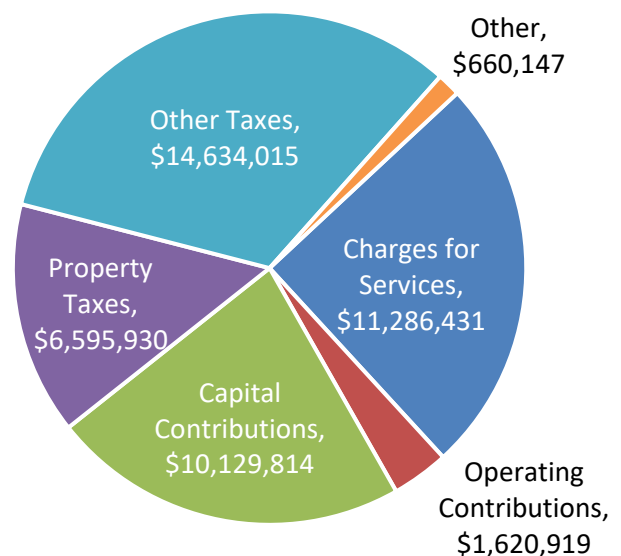
- During fiscal year 2020, the City’s utility funds received \$4,010,855 of capital contributions from developers which includes water, sewer, and storm drain lines and donated water rights.
- Impact fee revenue of \$3,119,593 was received. This revenue offsets previous negative impact fee balances in the Water Fund, and is being accumulated in the Sewer and Storm Drain Funds for future projects identified in the Impact Fee Facilities Plans (IFFP), including the 36” water line budgeted in fiscal year 2021.
- Operating income was \$4,194,964 in the utility funds during the year, which

adds to the net position to be used for future capital purposes. The Broadband Fund experienced a current year loss of \$52,235 in net position for a June 30, 2020 ending net position of (\$2,101,844).

FUND FINANCIAL ANALYSIS

Governmental Funds - The focus of the City’s governmental fund statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

**Revenues by Source
Governmental Activities
Fiscal Year Ended June 30, 2020**



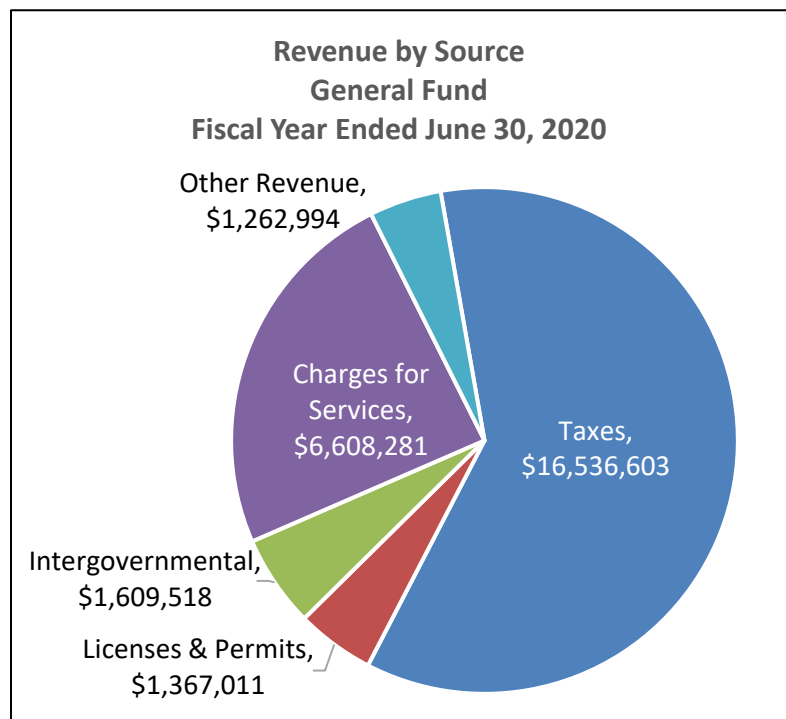
As of June 30, 2020, The City’s governmental funds (general, capital projects, debt service, and nonmajor funds) reported combined fund balances of \$45,781,599. This represents an increase of \$16,040,635

from last year's ending balances. This increase is due largely to bond proceeds from the issuance of General Obligation Bonds in May 2020 to construct the new fire station in the capital projects funds. \$6,243,556, or (14 percent) of the total fund balance constitutes *unassigned fund balance* and is therefore available for spending at the City's discretion. *Committed* fund balance totals \$224,756, or 0.5 percent of fund balance. This balance is committed for cemetery expansion projects. *Assigned fund* balance totals \$7,808,193 (17 percent), meaning the City intends to use this amount for specific purposes which may include capital projects, debt service, PARC tax grant awards, downtown redevelopment, celebration, municipal building authority, and/or subsequent year appropriations. Fund balance of \$31,934,564 (70 percent) is *restricted* to indicate it is not available for new spending because it has already been committed to pay for debt service, capital projects, grant projects, redevelopment, and cemetery perpetual care. The City also has prepaid items and inventory in the amount of \$20,041, which is classified as *nonspendable* fund balance.

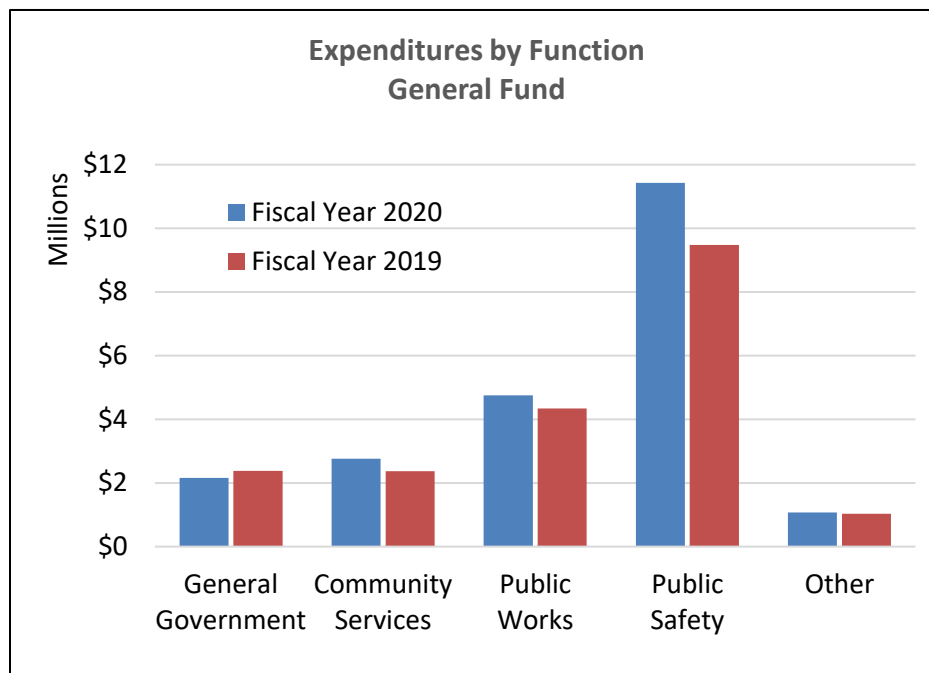
General Fund

The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenditures are accounted for in this fund. Revenues exceeded expenditures (including other financing sources and uses) in the General Fund by \$3,253,056 during the year. Total general fund balance at June 30, 2020 is \$6,245,169, or 22.8 percent of general fund revenues.

Taxes continue to be the largest source of revenue in the General Fund and represent 60.4 percent of total General Fund revenues. The largest component of tax revenue is sales tax, which represents 60.3 percent of total tax revenues and 36.4 percent of total General Fund revenues. This compares with 38.5 percent of total General Fund revenues in the prior fiscal year ended June 30, 2019.



General Fund expenditures increased during fiscal year 2020, going from \$19,603,672 in 2019 to \$22,158,563 in 2020, an increase of 13 percent. Public safety accounted for much of the increase due electing to contribute an additional 4% to Utah Retirement System for Tier 2 Hybrid Public Safety and Firefighter personnel. Vehicle replacement charges, merit raises for eligible employees, health insurance increases, and additional ambulance personnel also contributed to the higher expenditures.



Other Governmental Funds
Property tax collections from redevelopment areas decreased 26.7 percent to a total of \$1,291,184 compared with fiscal year 2019. This decrease is attributable the expiration of the North Valley RDA Project Area in tax year 2019, which reduced the tax increment revenue received during fiscal year 2019-2020. Despite the decrease in revenues, the RDA Fund balance increased \$779,168 to a total of 4,897,580, an 18.96 percent increase.

Redevelopment fund balance is aside for future housing and planned infrastructure projects, as outlined in the project area plans. Included in future projects is the reconstruction of 860 East and widening of 1100 South. Of the \$4.9 million fund balance, \$1,628,068 is reserved for affordable housing projects as required by state statute. These monies will be disbursed or expended in a future fiscal year.

Fund balance in the Capital Projects Fund increased \$12,846,111 to \$33,015,346 for fiscal year ending June 30, 2020. Most of the fund balance is restricted, including \$16,223,179, or 49.1 percent, for impact fee eligible capital projects, and \$9,036,174, or 27.3 percent, is restricted bond proceeds for a new fire station construction and Art Dye expansion. In addition, \$2,411,022 is assigned for projects to be finish completion in the fiscal year 2020-2021.

PARC (Parks, Arts, Recreation, and Culture) Tax Fund balance increased \$238,210 during the fiscal year 2019-2020. This increase was due to a reduction in PARC tax grants being expended because of the uncertainty surrounding the Coronavirus pandemic. The increased fund balance will allow additional grants to be awarded in fiscal year 2020-2021.

Fitness Center Fund balance decreased by \$100,688. Revenue decreased because of facility closures and fewer fitness pass sales as a result of COVID-19.

Debt service fund balance decreased by \$941,411 due to a transfer to the capital projects fund. This transfer was due to bond proceeds earmarked for capital improvement projects.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. In summary, unrestricted net position for the Water Fund was \$11,289,638, \$8,131,650 for the Sewer Fund, \$2,758,834 for the Storm Drain Fund, \$362,322 for the Sanitation Fund, and (\$2,639,662) for the Broadband Fund. Unrestricted net position

is accumulated for current and future capital projects, along with funding target operating reserves (20 percent of revenues).

The Water Fund's unrestricted net position increased slightly by \$51,773 during fiscal year 2020. Of the total net position of \$75,738,451, \$62,534,040 is restricted for investment in capital assets, with \$1,914,773 being restricted for impact fees capital improvements. Also, during fiscal year 2020, unrestricted net position in the Sewer Fund increased by \$1,442,217, mainly due to delaying \$1.4 million in capital projects until fiscal year 2021.

During fiscal year 2020 the Storm Drain Fund saw an increase in unrestricted net position of \$687,186, which will be used for future capital projects. The Sanitation Fund saw net position increase \$35,194, which will be used to fund target operating reserves. Finally, the Broadband Fund saw a modest decrease in unrestricted net position of \$3,801. The City is currently evaluating long-term opportunities for the Broadband Fund to address the net position deficit the fund is currently experiencing. Current deficits are being subsidized by a transfer from the General Fund.

During fiscal year 2020, the City moved information technology from the general fund to the internal service funds. Unrestricted net position in the Information Technology Fund was \$132,809 on June 30, 2020, which will be used for future equipment replacement. Unrestricted net position in the Fleet Fund increased \$93,020 during fiscal year 2020. This is mainly due to the remaining capital lease proceeds to equip the purchase of a new ladder truck for the fire department. Equipment will be purchased in fiscal year 2021.

Additional factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, General Fund budgeted expenditures were amended from an original budget total of \$22,764,971 to a final budget total of \$23,257,745, a 2.2 percent difference. All departments monitor their budgets closely and are required to stay within their allotment. Budget adjustments made during the year can be summarized as follows:

- General Government increased by \$12,460. The City was in the process of completing its comprehensive financial sustainability plan at the end of fiscal year 2019. The proposed carryover request is to complete this project.
- Community Services increased by \$13,250. The City was in the process of completing its comprehensive financial sustainability plan at the end of fiscal year 2019. The proposed carryover request is to complete this project.
- Public Works increased by \$324,565. Of this increase, \$200,656 is due to street and sidewalk maintenance being carried forward from fiscal year 2019 and \$124,678 was for an increase in development inspections billed to developers (offset by related revenue).

- Public Safety increased by \$110,999. \$42,600 of this increase is due to overtime and part-time wages for increased service calls and \$53,619 is due to the K-9 program and police grants awarded from outside agencies. In the fire department, \$14,781 was added for fire prevention education, grant programming and overtime for higher calls for service.
- Other departments increased by \$31,500 due to the recreation department adding club baseball to their baseball program.

General Fund budgeted revenues were amended from \$24,466,682 to \$24,674,850, an increase of \$208,168, or .8 percent. Highlights of this increase include:

- Grants revenue increased by \$76,674, the majority being grants awarded to the Police Department.
- Development inspection revenue increased by \$95,994. This revenue offsets the increase in development inspection expense mentioned above.
- Recreation fees increased \$31,500 due to higher participation in the baseball program.

During the year, actual revenues were more than budgeted revenues by \$2,709,557. Sales tax received was higher than anticipated by \$971,598, despite the economic uncertainty surrounding the coronavirus pandemic. Additionally, the City received federal funding for the pandemic, accrued in the amount of \$1,287,592 for fiscal year ended June 30, 2020. Property taxes received were higher than anticipated by \$224,781 due to higher growth and payment of delinquent property tax revenue.

Actual expenditures were less than budgeted expenditures by \$1,099,182. Of this savings, \$657,864 was realized in public safety due in part to employee retirement and health benefits and dispatch fees being less than expected. Community Services had \$331,318 less expenditures than budgeted due to reduction in programming, facility closures, and part-time wages due to the Coronavirus pandemic.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets - The City of American Fork's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$206,067,503 (net of accumulated depreciation). This investment in capital assets includes land, water shares, buildings, improvements, machinery & equipment, right of way, and construction in progress. The total increase in the City's investment in capital assets for the current year was 4.5 percent (a 1.4 percent increase for governmental activities and a 7.2 percent increase for business-type activities).

CITY OF AMERICAN FORK
Management Discussion and Analysis
Fiscal Year Ended June 30, 2020

CITY OF AMERICAN FORK
Capital Assets, Net of Depreciation
June 30, 2020

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 24,890,527	\$ 24,890,527	\$ 777,614	\$ 777,614	\$ 25,668,141	\$ 25,668,141
Water Shares	-	-	32,979,223	30,911,220	32,979,223	30,911,220
Buildings	17,270,522	17,849,120	714,310	761,735	17,984,832	18,610,855
Improvements	43,597,744	42,824,116	78,319,905	76,428,120	121,917,649	119,252,236
Machinery and Equip.	6,269,920	4,150,452	225,322	143,143	6,495,242	4,293,595
Const. in Progress	5,968,887	3,540,645	2,393,155	3,063,882	8,362,042	6,604,527
Right of Way	726,929	726,929	-	-	726,929	726,929
Total Capital Assets	<u>\$ 98,724,529</u>	<u>\$ 93,981,789</u>	<u>\$ 115,409,529</u>	<u>\$ 112,085,714</u>	<u>\$ 214,134,058</u>	<u>\$ 206,067,503</u>

Major capital asset events during fiscal year 2020 include the following:

- Addition of \$2,690,456 to fleet inventory under machinery and equipment. Included in the additions were a ladder truck, an ambulance, and a brush truck for the fire department all financed through capital leases, and eight vehicles purchased for the police department.
- Water rights valued at \$2,068,003 were deeded to the City as part of several development projects.
- Improvements increased due to donated infrastructure and capital assets, which include \$677,922 in roads, \$524,757 in sidewalks, \$533,963 in curb and gutter, \$1,386,246 of donated water and sewer lines, and \$291,710 in donated storm drain infrastructure.
- Construction in progress increased due to the nearly completed expansion of Art Dye Park as of June 30, 2020.

Additional information on the City's capital assets can be found in Note 7 on page 61-62 of this report.

Long-term debt - As of June 30, 2020, the City had total long-term bonded debt outstanding of \$48,978,327, including unamortized bond premium. This debt represents both general obligation bonds and revenue bonds secured solely by specified revenue sources. In addition, the City had \$2,745,833 in capital leases outstanding.

CITY OF AMERICAN FORK
Management Discussion and Analysis
Fiscal Year Ended June 30, 2020

CITY OF AMERICAN FORK
Outstanding Debt
June 30, 2020

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 8,210,000	\$ 940,000	\$ 36,916,327	\$ 38,700,082	\$ 45,126,327	\$ 39,640,082
Revenue Bonds	3,285,000	3,645,000	567,000	603,000	3,852,000	4,248,000
Capital Leases	2,745,833	1,136,929	-	-	2,745,833	1,136,929
Total Debt	<u>\$ 14,240,833</u>	<u>\$ 5,721,929</u>	<u>\$ 37,483,327</u>	<u>\$ 39,303,082</u>	<u>\$ 51,724,160</u>	<u>\$ 45,025,011</u>

The City's total long-term bonded and capital lease debt outstanding increased by \$6,699,149 during the fiscal year, an increase of 14.8 percent. Major debt events during fiscal year 2020 include the following:

- The City issued \$8,035,000 General Obligation Bonds, Series 2020 for the purpose of constructing a new fire station.
- Capital Leases in the amount of \$2,079,500 were issued to finance the purchase of a ladder truck, ambulance, and brush truck for the fire station.
- Debt was retired in the amount of \$2,944,755, including the completion of the 2014 General Obligation Refunding Bonds.

State statutes (Utah State Constitution, Article XIV, Section 4) limit the amount of general obligation debt a governmental entity may issue to 12 percent of the "reasonable fair cash value" of property within the City. Of this percent, a maximum of 4 percent may be used for general purposes, with the remaining 8 percent (and any remaining portion of the 4 percent for general purposes) may be used for water and/or sewer purposes. The current limitation of the City is \$487,331,605. The total general obligation debt of the City is \$42,070,000, excluding bond premium.

The City has an "Aa3" rating for its general obligation debt from Moody's Investor Service.

Additional information on the City's long term-debt can be found in Note 9 on pages 63-67 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The 2019 unemployment rate for the City of American Fork was 3.8 percent. This compares with a national unemployment rate of 6.9 percent and a state of Utah unemployment rate of 4.1 percent. The 2018 unemployment rate for the City of American Fork was 3.2 percent. (Source: Bureau of Labor Statistics.)
- General Fund budgeted revenues (excluding transfers in) for the fiscal year ending June 30, 2021 of \$22,718,079 reflects a decrease of 7.2 percent over the final budgeted revenues for the fiscal year ended June 30, 2020 of \$24,466,682. Most of this decrease is due to conservative sales tax revenue estimates because of economic uncertainties resulting from the coronavirus pandemic.

Estimates will be evaluated throughout the next fiscal year for determine if revenues will be returned to fiscal year 2020 levels.

- A revised fee schedule was passed for fiscal year 2020, with only minor changes. A number of residential and commercial building fees were increased to account for inflation and actual costs of providing service. Culinary water rates also increased per a resolution adopted on May 8, 2018, which allows for rate increases every other year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of American Fork's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to: City of American Fork, Finance Director, 51 E Main St, American Fork, UT 84003-2381, or call (801) 763-3000, or e-mail amontoya@americanfork.gov.

(This page intentionally left blank)



American Fork City Comprehensive Annual Financial Report



Basic Financial Statements

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**



CITY OF AMERICAN FORK
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 37,327,615	\$ 26,037,801	\$ 63,365,416
Restricted Cash	9,181,692	-	9,181,692
Receivables	12,989,339	1,332,347	14,321,686
Internal Balances	(785)	785	-
Inventories	18,428	-	18,428
Prepaid Expenses	161,424	-	161,424
Net Pension Asset	320,299	-	320,299
Capital Assets Net of Depreciation:			
Land	24,890,527	777,614	25,668,141
Water Shares and Rights	-	32,979,223	32,979,223
Buildings and Structures	17,270,522	714,310	17,984,832
Improvements	43,597,744	78,330,499	121,928,243
Machinery and Equipment	4,687,726	225,322	4,913,048
Construction in Progress	7,551,080	2,393,156	9,944,236
Right of Way	726,929	-	726,929
Total Assets	<u>158,722,540</u>	<u>142,791,057</u>	<u>301,513,597</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	-	2,316,842	2,316,842
Resources Related to Pensions	<u>1,450,234</u>	<u>149,638</u>	<u>1,599,872</u>
Total Deferred Outflows of Resources	<u>1,450,234</u>	<u>2,466,480</u>	<u>3,916,714</u>
LIABILITIES			
Accounts Payable and Accrued Liabilities	2,557,680	1,047,730	3,605,410
Construction Bonds and Deposits	3,024,263	328,340	3,352,603
Accrued Interest Payable	48,405	247,635	296,040
Unearned Revenues	713,745	-	713,745
Long-term Liabilities			
Due Within One Year	2,109,433	1,770,912	3,880,345
Due in More Than One Year	<u>16,039,420</u>	<u>36,142,942</u>	<u>52,182,362</u>
Total Liabilities	<u>24,492,946</u>	<u>39,537,559</u>	<u>64,030,505</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Property Taxes	7,805,656	-	7,805,656
Resources Related to Pensions	<u>1,751,398</u>	<u>173,283</u>	<u>1,924,681</u>
Total Deferred Inflows of Resources	<u>9,557,054</u>	<u>173,283</u>	<u>9,730,337</u>
NET POSITION			
Net Investment in Capital Assets	93,810,257	80,253,639	174,063,896
Restricted For:			
Expendable			
Debt Service	647	-	647
Capital Improvements-Impact Fees	16,223,179	5,389,489	21,612,668
Grants and Donations	496,414	-	496,414
Redevelopment	4,897,580	-	4,897,580
Nonexpendable - Perpetual Care	831,058	-	831,058
Unrestricted	<u>9,718,768</u>	<u>19,903,567</u>	<u>29,622,335</u>
Total Net Position	<u>\$ 125,977,903</u>	<u>\$ 105,546,695</u>	<u>\$ 231,524,598</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF AMERICAN FORK

Statement of Activities

Fiscal Year Ended June 30, 2020

Functions/Programs: Primary Government	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating		Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
			Grants and Contributions					
Governmental:								
General Government	\$ 2,197,343	\$ 2,789,007	\$ 32,822	\$ -	\$ 624,486	\$ -	\$ 624,486	
Community Services	3,633,976	332,102	14,546	3,164,618	(122,710)	-	(122,710)	(122,710)
Public Safety	10,411,791	3,384,129	1,572,527	813,641	(4,641,494)	-	(4,641,494)	(4,641,494)
Public Works	11,645,677	2,011,386	-	6,091,555	(3,542,736)	-	(3,542,736)	(3,542,736)
Recreation and Culture	3,592,816	1,856,633	1,024	60,000	(1,675,159)	-	(1,675,159)	(1,675,159)
Redevelopment/Public Improvement	627,987	-	-	-	(627,987)	-	(627,987)	(627,987)
Other	922,355	913,174	-	-	(9,181)	-	(9,181)	(9,181)
Interest on Long-Term Debt	198,317	-	-	-	(198,317)	-	(198,317)	(198,317)
Total Governmental Activities	33,230,262	11,286,431	1,620,919	10,129,814	(10,193,098)	-	(10,193,098)	
Business-Type:								
Water	6,956,281	8,251,768	-	5,489,326	-	6,784,813	6,784,813	6,784,813
Sewer	4,323,263	5,976,165	-	832,992	-	2,485,894	2,485,894	2,485,894
Storm Drain	1,039,367	1,499,039	-	808,130	-	1,267,802	1,267,802	1,267,802
Sanitation & Recycling	1,460,830	1,496,757	-	-	-	35,927	35,927	35,927
Broadband	550,118	183,034	-	-	-	(367,084)	(367,084)	(367,084)
Total Business-Type Activities	14,329,859	17,406,763	-	7,130,448	-	10,207,352	10,207,352	10,207,352
Total Primary Government	47,560,121	28,693,194	1,620,919	17,260,262	(10,193,098)	10,207,352		14,254
General Revenues:								
Property Taxes					6,595,930	-	6,595,930	6,595,930
Sales and Use Tax					12,091,884	-	12,091,884	12,091,884
Energy Sales and Use Tax					1,787,645	-	1,787,645	1,787,645
Other Taxes					754,486	-	754,486	754,486
Gain on Disposition of Capital Assets					21,328	-	21,328	21,328
Unrestricted Investment Earnings					660,147	-	660,147	660,147
Transfers					(318,214)	318,214	-	-
Total General Revenues and Transfers					21,593,206	318,214		21,911,420
Change in Net Position					11,400,108	10,525,566		21,925,674
Net Position - Beginning					114,577,795	95,021,129		209,598,924
Net Position - Ending					\$ 125,977,903	\$ 105,546,695		\$ 231,524,598

The notes to the basic financial statements are an integral part of this statement.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund

The General Fund is used to account for resources traditionally associated with a government which are not required legally or by sound financial management to be accounted for in another fund.

Capital Projects Fund

The Capital Projects Fund is used to account for the construction of budgeted capital projects of the City. Impact fees, intergovernmental grants, transfers from the General Fund, and interest earnings are the principal sources of funding for these projects.

Debt Service Fund

This fund is used to accumulate resources for and payment of bond principal and interest for governmental funds.

Nonmajor Funds

Nonmajor governmental funds are presented by fund type beginning on page 93.



CITY OF AMERICAN FORK**Balance Sheet**

Governmental Funds

June 30, 2020

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 6,060,811	\$ 24,358,108	\$ 352,235	\$ 5,946,076	\$ 36,717,230
Restricted Cash	-	9,036,174	647	-	9,036,821
Receivables	9,718,728	882,157	756,078	1,632,376	12,989,339
Inventories	-	-	-	18,428	18,428
Prepaid Items	1,613	-	-	-	1,613
Due From Other Funds	-	-	-	426,954	426,954
Total Assets	<u>\$ 15,781,152</u>	<u>\$ 34,276,439</u>	<u>\$ 1,108,960</u>	<u>\$ 8,023,834</u>	<u>\$ 59,190,385</u>
LIABILITIES					
Accounts Payable and Accrued Liabilities	\$ 1,390,350	\$ 287,927	\$ 1,500	\$ 472,136	\$ 2,151,913
Construction Bonds and Refunds	2,975,214	49,049	-	-	3,024,263
Unearned Revenue	-	-	-	-	-
Due to Other Funds	-	426,954	-	-	426,954
Total Liabilities	<u>4,365,564</u>	<u>763,930</u>	<u>1,500</u>	<u>472,136</u>	<u>5,603,130</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	<u>5,170,419</u>	<u>497,163</u>	<u>756,078</u>	<u>1,381,996</u>	<u>7,805,656</u>
FUND BALANCES					
Nonspendable					
Inventories	-	-	-	18,428	18,428
Prepaid Items	1,613	-	-	-	1,613
Restricted					
Debt Service	-	-	647	-	647
Bond Proceeds	-	9,036,174	-	-	9,036,174
Impact Fees	-	16,223,179	-	-	16,223,179
Boat Harbor Grant	-	7,655	-	-	7,655
PARC Tax Distribution	-	488,759	-	-	488,759
Redevelopment	-	-	-	3,269,512	3,269,512
Redevelopment-Affordable Housing	-	-	-	1,628,068	1,628,068
Perpetual Care	-	-	-	831,058	831,058
Committed - Cemetery Expansion	-	224,756	-	-	224,756
Assigned					
Subsequent Year Appropriation	-	2,411,022	-	-	2,411,022
Capital Projects	-	4,623,800	-	-	4,623,800
Debt Service	-	-	350,735	-	350,735
Fitness Center	-	-	-	(18,428)	(18,428)
PARC Tax	-	-	-	333,994	333,994
Downtown Redevelopment	-	-	-	103,757	103,757
Celebration	-	-	-	2,422	2,422
Municipal Building Authority	-	-	-	891	891
Unassigned	6,243,556	-	-	-	6,243,556
Total Fund Balances	<u>6,245,169</u>	<u>33,015,346</u>	<u>351,382</u>	<u>6,169,702</u>	<u>45,781,599</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 15,781,152</u>	<u>\$ 34,276,439</u>	<u>\$ 1,108,960</u>	<u>\$ 8,023,834</u>	<u>\$ 59,190,385</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF AMERICAN FORK

Reconciliation of The Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2020

Amounts reported for governmental activities in the statement of net position
are different because:

Total Fund Balances - Governmental Funds	<u>\$ 45,781,599</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	93,432,551
Other items, including resources related to pensions, are not available to pay for current period expenditures and, therefore, are either deferred or not applicable to funds.	1,770,533
Internal service funds are used by the City to charge the costs of the fleet operations to the individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	2,896,768
A portion of the excess expenses incurred by the internal service funds must be collected from the business-type activities.	(785)
Other items, including net pension liabilities, are not due and payable in the current period and, therefore, are either deferred or not reported in the funds.	(4,733,970)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and accordingly, are not reported in the funds, but rather as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position.	<u>(13,168,793)</u>
Net Position of Governmental Activities	<u><u>\$ 125,977,903</u></u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF AMERICAN FORK**Statement of Revenues, Expenditures, and Changes in Fund Balances**

Governmental Funds

For the Year Ended June 30, 2020

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 16,536,603	\$ 1,450,457	\$ 784,125	\$ 2,486,014	\$ 21,257,199
Licenses and Permits	1,367,011	-	-	-	1,367,011
Intergovernmental	1,609,518	1,562,201	350,000	-	3,521,719
Charges for Services	6,608,281	-	-	1,538,455	8,146,736
Fines and Forfeitures	353,424	-	-	-	353,424
Interest Earnings	89,884	425,297	13,877	127,373	656,431
Impact Fees	-	5,943,233	-	-	5,943,233
Miscellaneous	819,686	40,000	-	6,492	866,178
Total Revenues	27,384,407	9,421,188	1,148,002	4,158,334	42,111,931
EXPENDITURES					
Current					
General Government	2,155,129	-	-	11,800	2,166,929
Community Services	2,759,080	-	-	558,100	3,317,180
Public Works	4,748,529	-	-	-	4,748,529
Public Safety	11,424,309	-	-	-	11,424,309
Recreation and Culture	647,930	-	-	2,764,365	3,412,295
Redevelopment and Public Improvement	-	-	-	627,498	627,498
Other	423,586	-	-	-	423,586
Capital Outlay	-	6,947,007	-	-	6,947,007
Debt Service					
Principal	-	-	1,125,000	-	1,125,000
Interest and Fees	-	-	131,933	-	131,933
Total Expenditures	22,158,563	6,947,007	1,256,933	3,961,763	34,324,266
Excess (Deficiency) of Revenues Over Expenditures	5,225,844	2,474,181	(108,931)	196,571	7,787,665
OTHER FINANCING SOURCES (USES)					
Sale of Capital Assets	8,880	-	-	-	8,880
Capital Contributions	-	84,794	-	-	84,794
Issuance of Debt	-	8,665,261	-	-	8,665,261
Cost of Issuance of Debt	-	(63,895)	-	-	(63,895)
Transfers In	297,566	2,209,190	108,931	836,856	3,452,543
Transfers Out	(2,279,234)	(523,420)	(941,411)	(150,548)	(3,894,613)
Total Other Financing Sources (Uses)	(1,972,788)	10,371,930	(832,480)	686,308	8,252,970
Net Change in Fund Balances	3,253,056	12,846,111	(941,411)	882,879	16,040,635
Fund Balances - July 1	2,992,113	20,169,235	1,292,793	5,286,823	29,740,964
Fund Balances - June 30	\$ 6,245,169	\$ 33,015,346	\$ 351,382	\$ 6,169,702	\$ 45,781,599

The notes to the basic financial statements are an integral part of this statement.

CITY OF AMERICAN FORK

Reconciliation of The Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds To The Statement of Activities

For the Year Ended June 30, 2020

Amounts reported for governmental activities in the statement of activities
are different because:

Net Change in Fund Balance - Total Governmental Funds	<u>\$ 16,040,635</u>
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,050,561
Capital assets donated by outside parties are not reported as revenues in the funds.	1,907,694
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(27,254)
The Statement of Activities reports net pension expense from the application of GASB 68 which is not shown in the fund statements.	18,864
Bond proceeds and capital leases provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the statement of net position. Repayments of bond and capital lease principal are expenditures in the governmental funds but reduce liabilities in the statement of net position.	(7,628,927)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(92,444)
Internal service funds are used by the City to charge the costs of various activities to individual funds. A portion of the internal service funds net revenues is reported with governmental activities.	<u>130,979</u>
Change in net position of governmental activities	<u>\$ 11,400,108</u>

The notes to the basic financial statements are an integral part of this statement.

PROPRIETARY FUND FINANCIAL STATEMENTS

Water Fund

The Water Fund is used to account for the activities of the City's culinary and secondary water systems.

Sewer Fund

The Sewer Fund is used to account for the activities of the City's sewer system.

Fleet Fund

The Fleet Fund, an internal service fund, is used to account for repair and replacement of the City's vehicles.

Nonmajor Funds

Nonmajor proprietary funds are presented by fund type beginning on page 105.



CITY OF AMERICAN FORK
Statement of Net Position

Proprietary Funds

June 30, 2020

	Business-Type Activities-Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Nonmajor Funds	Total	
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 11,332,226	\$ 9,693,067	\$ 5,012,508	\$ 26,037,801	\$ 610,385
Accounts Receivable Net of Allowance	504,987	505,420	321,940	1,332,347	-
Prepaid Expenses	-	-	-	-	159,811
Due From Other Funds	2,583,962	-	-	2,583,962	-
Total Current Assets	14,421,175	10,198,487	5,334,448	29,954,110	770,196
Capital Assets					
Land	762,054	-	15,560	777,614	-
Water Shares and Rights	32,979,223	-	-	32,979,223	-
Buildings and Structures	1,473,429	18,198	368,960	1,860,587	-
Improvements - Other than Buildings	95,155,615	14,889,764	11,927,746	121,973,125	-
Machinery and Equipment	616,105	42,907	166,198	825,210	10,457,436
Construction in Progress	2,168,690	143,818	80,648	2,393,156	1,582,194
Less Accumulated Depreciation	(35,454,591)	(5,829,754)	(4,104,446)	(45,388,791)	(6,747,652)
Capital Assets (Net of Accum Depreciation)	97,700,525	9,264,933	8,454,666	115,420,124	5,291,978
Total Noncurrent Assets	97,700,525	9,264,933	8,454,666	115,420,124	5,291,978
Total Assets	112,121,700	19,463,420	13,789,114	145,374,234	6,062,174
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charge on Refunding	2,316,842	-	-	2,316,842	-
Resources Related to Pensions	70,958	21,928	56,752	149,638	-
Total Deferred Outflows of Resources	2,387,800	21,928	56,752	2,466,480	-
LIABILITIES					
Current Liabilities					
Accounts Payable	405,907	332,860	266,215	1,004,982	405,767
Accrued Liabilities	28,901	4,213	9,634	42,748	-
Interest Payable	247,635	-	-	247,635	13,805
Deposits Payable	328,340	-	-	328,340	-
Compensated Absences	25,365	12,872	30,675	68,912	-
Bonds and Leases Payable	1,387,000	-	-	1,702,000	537,242
Due to Other Funds	-	-	2,583,962	2,583,962	-
Total Current Liabilities	2,423,148	349,945	2,890,486	5,978,579	956,814
Noncurrent Liabilities					
Compensated Absences	-	1,363	3,008	4,371	-
Bonds and Leases Payable	36,096,327	-	-	35,781,327	2,208,592
Net Pension Liability	169,404	52,351	135,489	357,244	-
Total Noncurrent Liabilities	36,265,731	53,714	138,497	36,142,942	2,208,592
Total Liabilities	38,688,879	403,659	3,028,983	42,121,521	3,165,406
DEFERRED INFLOWS OF RESOURCES					
Resources Related to Pensions	82,170	25,393	65,720	173,283	-
NET POSITION					
Net Investment in Capital Assets	62,534,040	9,264,933	8,454,666	80,253,639	2,546,144
Restricted for:					
Capital Improvements-Impact Fees	1,914,773	1,659,713	1,815,003	5,389,489	-
Unrestricted	11,289,638	8,131,650	481,494	19,902,782	350,624
Total Net Position	\$ 75,738,451	\$ 19,056,296	\$ 10,751,163	\$ 105,545,910	\$ 2,896,768
Adjustments to Reflect the Consolidation of Internal Service Fund Activities to Enterprise Funds				785	
Net Position of Business-Type Activities (Page 35)				\$ 105,546,695	

The notes to the basic financial statements are an integral part of this statement.

CITY OF AMERICAN FORK
Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Year Ended June 30, 2020

	Business-Type Activities-Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Nonmajor Funds	Total	
OPERATING REVENUES					
Charges for Services	\$ 8,012,048	\$ 5,817,529	\$ 3,083,636	\$ 16,913,213	\$ 1,923,998
Miscellaneous	29,822	1,310	15,090	46,222	3,808
Total Operating Revenues	8,041,870	5,818,839	3,098,726	16,959,435	1,927,806
OPERATING EXPENSES					
Salaries and Wages	639,719	217,470	492,451	1,349,640	-
Supplies and Materials	455,825	61,157	80,930	597,912	-
Professional and Technical	279,697	126,783	308,377	714,857	108,630
Contracted Services	-	-	1,342,479	1,342,479	-
Interfund Charges	736,756	538,858	422,786	1,698,400	44,100
Depreciation	2,231,216	374,608	330,239	2,936,063	892,420
Other	1,295,559	3,119,429	80,581	4,495,569	693,662
Total Operating Expenses	5,638,772	4,438,305	3,057,843	13,134,920	1,738,812
Operating Income (Loss)	2,403,098	1,380,534	40,883	3,824,515	188,994
NON-OPERATING REVENUES (EXPENSES)					
Interest Earnings	209,898	157,326	80,104	447,328	3,716
Gain (Loss) on Sale of Capital Assets	-	-	-	-	12,448
Interest and Fees	(1,350,928)	-	-	(1,350,928)	(42,045)
Total Non-Operating Revenue (Expenses)	(1,141,030)	157,326	80,104	(903,600)	(25,881)
Income (Loss) Before Contributions and Transfers	1,262,068	1,537,860	120,987	2,920,915	163,113
CONTRIBUTIONS AND TRANSFERS					
Capital Contributions	3,329,698	389,447	291,710	4,010,855	-
Impact Fees	2,159,628	443,545	516,420	3,119,593	-
Transfers In	-	-	318,214	318,214	123,856
Total Contributions and Transfers	5,489,326	832,992	1,126,344	7,448,662	123,856
Change in Net Position	6,751,394	2,370,852	1,247,331	10,369,577	286,969
Net Position - Beginning	68,987,057	16,685,444	9,503,832		2,609,799
Net Position - Ending	\$ 75,738,451	\$ 19,056,296	\$ 10,751,163		\$ 2,896,768
Adjustments to Reflect the Consolidation of Internal Service Fund Activities to Enterprise Funds				155,989	
Change in Net Position of Business-Type Activities (Page 36)				\$ 10,525,566	

The notes to the basic financial statements are an integral part of this statement.

CITY OF AMERICAN FORK
Statement of Cash Flows

Proprietary Funds

For The Year Ended June 30, 2020

	Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Nonmajor Proprietary Funds	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 8,038,395	\$ 5,775,180	\$ 2,967,445	\$ 16,781,020	\$ 3,808
Payments to Suppliers	(2,773,684)	(3,312,169)	(1,701,322)	(7,787,175)	(534,552)
Interfund Services	(677,060)	(515,913)	(298,919)	(1,491,892)	1,879,899
Payments to Employees	(693,727)	(241,434)	(496,218)	(1,431,379)	-
Net Cash Provided by Operating Activities	3,893,925	1,705,664	470,986	6,070,574	1,349,155
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In	-	-	318,214	318,214	123,856
Interfund Loans	(24,696)	-	24,696	-	-
Net Cash Used by Noncapital Financing Activities	(24,696)	-	342,909	318,214	123,856
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Impact Fees	2,159,628	443,545	516,420	3,119,593	-
Grants and Interlocal Contributions	3,329,697	389,447	291,710	4,010,855	-
Purchase of Capital Assets	(5,354,255)	(533,265)	(382,950)	(6,270,470)	(2,707,338)
Principal Paid on Capital Debt	(1,616,000)	-	-	(1,616,000)	(321,722)
Interest and Fees Paid on Capital Debt	(1,412,508)	-	-	(1,412,508)	(42,045)
Capital Lease Proceeds	-	-	-	-	1,930,627
Proceeds From Sale of Capital Assets	-	-	-	-	12,448
Net Cash Used by Capital and Related Financing Activities	(2,893,438)	299,727	425,180	(2,168,530)	(1,128,031)
CASH FLOW FROM INVESTING ACTIVITIES					
Payment of Loan Receivable	433,736	-	-	433,736	-
Interest Income	190,284	157,326	80,105	427,715	3,717
Net Cash Used by Investing Activities	624,020	157,326	80,105	861,451	3,717
Net Increase (Decrease) in Cash and Cash Equivalents	1,599,811	2,162,717	1,319,180	5,081,708	348,697
Cash and Cash Equivalents - Beginning of Year	9,732,415	7,530,350	3,693,328	20,956,093	116,816
Cash and Cash Equivalents - End of Year	\$ 11,332,226	\$ 9,693,067	\$ 5,012,508	\$ 26,037,801	\$ 465,513
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 2,403,098	\$ 1,380,534	\$ 40,883	\$ 3,824,515	\$ 188,994
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	2,231,216	374,608	330,239	2,936,063	892,420
(Increase) Decrease in Receivables	1,625	(20,714)	(7,415)	(26,504)	-
(Increase) Decrease in Prepaid Assets	-	-	-	-	(107,004)
(Increase) Decrease in Deferred Outflows					
Related to Pensions	128,341	43,523	97,791	269,656	-
Increase (Decrease) in Accounts Payable	(751,635)	(6,162)	110,846	(646,951)	374,745
Increase (Decrease) in Accrued Liabilities	64,774	119	2,127	67,019	-
Increase (Decrease) in Accrued Vacation and Sick Leave	(49,127)	(17,243)	(5,421)	(71,790)	-
Increase (Decrease) in Net Pension Liability	(172,122)	(59,808)	(129,342)	(361,272)	-
Increase (Decrease) in Deferred Inflows					
Related to Pensions	37,754	10,807	31,278	79,839	-
Total Adjustments	1,490,826	325,130	430,103	2,246,059	1,160,161
Net Cash Provided by Operating Activities	\$ 3,893,924	\$ 1,705,664	\$ 470,986	\$ 6,070,574	\$ 1,349,155
Noncash Investing, Capital, and Financing Activities:					
Contributions of Capital Assets From Developers	\$ 3,135,568	\$ 389,447	\$ 291,710	\$ 3,816,725	\$ -

The notes to the basic financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of American Fork's (the City) financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Reporting Entity

The City of American Fork was incorporated under the laws of the Territory of Utah in 1853. Under the present council-mayor form of government, administrative and legislative powers are vested in a governing body, consisting of the Mayor and a five-member City Council. They are assisted by a City Administrator. The City offers a wide range of services to its citizens: General administrative services, public safety (police and fire), highways and streets, sanitation, recreation and parks, public improvements, and planning and zoning. It also operates water, sewer, storm drain, and sanitation utilities, and provides a digital service network.

The Comprehensive Annual Financial Report of the City includes the financial statements for all activities of the City based upon the criteria set forth in Governmental Accounting Standards Board (GASB) Statement 14, as amended. The primary criterion for including a board or an agency in this report is financial accountability, which determines whether an entity is a component unit of the financial reporting entity. Blended component units, although legally separate entities, are in substance, part of the government's operations, and so data from these units are combined with data of the primary government. Discretely presented component units, if any, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the City.

Blended Component Units

The Municipal Building Authority was created by the City and is governed by the City's Mayor and Council. The Authority uses the proceeds of its tax-exempt bonds to finance the construction or acquisition of general capital assets for the City. The bonds are secured by a lease agreement with the City and will be retired through lease payments from the City. The financial statements of the Municipal Building Authority are included in the accompanying financial statements as a blended component unit.

The Redevelopment Agency is governed by a separate governing board, who are the City's Mayor and Council. The financial statements of the Redevelopment Agency are included in the accompanying financial statements as a blended component unit.

The Municipal Building Authority and Redevelopment Agency are considered blended component units because the governing board in each case is the same governing board of the

City. In addition, the primary government has operational responsibility for both the Municipal Building Authority and the Redevelopment Agency. There is also a direct financial benefit/burden relationship between the Municipal Building Authority and the Redevelopment Agency with the primary government.

Both the Municipal Building Authority and Redevelopment Agency are presented as special revenue funds.

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices or online at www.afcity.org.

City of American Fork Municipal Building Authority
51 E Main St
American Fork, Utah 84003-2381

City of American Fork Redevelopment Agency
51 E Main St
American Fork, Utah 84003-2381

Other Component Units

The Fox Hollow Golf Course and Timpanogos Special Service District (TSSD) are excluded from the accompanying financial statements because the entities are autonomous and have a self-elected board of directors responsible for their operations and the hiring of management personnel. The City pays TSSD for its share of services received. TSSD also receives payments from other cities receiving these same services. Fox Hollow Golf Course was established in 1973 by American Fork City, Pleasant Grove City, and Lehi City. The City has representation on the board. The City has guaranteed one third of a \$3,315,000 bond.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (*i.e.*, the statement of net position and the statement of activities) report information on all activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units, if any, for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase or directly benefit from goods, services, or privileges

provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (*i.e.*, when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined, and “available” means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after the year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt as well as expenditures related to compensated absences, claims, and judgments, which are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

- The *General Fund* is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- The *Capital Projects Fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary funds).
- The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs. While this fund does not

meet the financial tests to be classified as a major fund, the City elects to report this fund as a major fund due to its importance to financial statement users.

Additionally, the City reports the following governmental fund types:

- *Special Revenue Funds* are used to account for proceeds of specific revenue sources (other than sources for major capital projects) that are legally restricted to expenditures for specified purposes.

Proprietary Funds

The focus of proprietary fund measurement is upon the determination of net income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The City's proprietary funds consist of both enterprise and internal service funds.

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is (a) financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The government reports the following major Enterprise funds:

- The *Water Fund* accounts for the operations of the City's culinary and secondary water utility services.
- The *Sewer Fund* accounts for the operations of the City's sewer utility.

Activities of these funds include administration, operations, and maintenance of the water and sewer systems, which include billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt and capital improvements. The majority of costs are financed through charges to utility customers.

Internal service funds are used to account for the City's fleet maintenance and information technology services. Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The City operates a fleet internal service fund, which is used to account for the acquisition and maintenance of City vehicles and an information technology internal service fund, which is used to account for the acquisition and maintenance of all hardware, software and technology contract services.

The internal service fund activities have been combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided with the combining data elsewhere in this report.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the general fund by the various enterprise funds for providing administrative services for such funds. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and investments. Investments consist of amounts deposited with Utah Public Treasurers' Investment Fund. Investments are stated at fair value.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to or due from other funds". Legally authorized transfers are treated as interfund transfers and are included in the results of operations in both governmental and proprietary funds.

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased (consumption method). Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid expenditures are recorded as expenditures when purchased using the purchases method.

4. Restricted Assets/Restricted Net Position

Restricted assets are comprised of cash restricted for future payments of principal and interest on debt service. It is the policy of the City to use restricted assets first and then use unrestricted assets. Restricted net position represents resources that are subject to external restrictions on how they may be used. Of the \$27,838,367 reported as restricted net position in the statement of net position, \$27,341,306 is restricted due to enabling legislation.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art (and similar items), and capital assets received in a service concession arrangement are reported at acquisition value. The costs of normal maintenance and repairs that do not add to the functionality of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized cost of the assets constructed. In the governmental funds, \$6,947,007 has been capitalized during the construction period on property, plant, and equipment.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and structures	10-50
Infrastructure	40-60
Improvements other than buildings	5-50
Machinery and equipment	5-20
Furniture and fixtures	5-20

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This financial statement element represents a consumption of net position that applies to a future period(s) and so *will not* be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category – a deferred charge on refunding and resources related to pensions, both of which are reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources related to pensions results from the difference between projected and actual earnings on pension plan investments.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This financial statement element represents an acquisition of net position that applies to a future period(s) and so *will not* be recognized as an inflow of resources (revenue) until that time. The City has one item, *deferred revenue*, which qualifies for reporting in this category on both the government-wide statement of net position and governmental funds balance sheet. Both statements report unavailable revenue due to property taxes. In addition, the statement of net position reports *resources related to pensions*, which relates to the differences between expected and actual experience along with changes in assumptions for the City's pensions. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

7. Compensated Absences

City employees accrue earned vacation and sick leave throughout the year. They are allowed to carry forward into the next calendar year accrued vacation up to 240 hours and all sick leave but are encouraged to take their vacation leave within the calendar year in which it is earned. Upon termination of employment, an employee will be compensated for all unused vacation leave and may be compensated for 50 percent of sick leave hours in excess of 320 hours, up to a maximum of 160 hours.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For governmental funds, any compensated absence liability has typically been liquidated by the General Fund.

8. Taxes

In Utah, county governments assess, levy, collect and disburse two principal types of tax: (1) personal, which is assessed on business assets other than real estate, and (2) tax on real estate and improvements. Business personal property and real estate taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on all business personal property on January 1st, and real estate and improvement taxes are levied on January 1st and are payable by November 30th. The real property taxes that are due in November are reported as a receivable from property taxes on the financial statements. Because these taxes are not considered available to liquidate liabilities of the current period, they are offset by a deferred inflow.

The City Council is authorized by state statute to levy a tax against all real and personal property located within its boundaries. The Council must set a tax rate by June 22nd each year. The County Treasurer, acting as a tax collector, must settle and disburse all tax collections to all taxing entities on a routine basis.

9. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the accrual debt proceeds received, are reported as debt service expenditures.

10. Fund Balance

The City implemented GASB Statement 54, *Fund Balance Reporting in Governmental Fund Types Definitions*, in fiscal year 2011. The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the City is bound to honor them. The City first determines and reports nonspendable balances, then restricted, then committed, and so forth. Fund balance classifications are summarized as follows:

- **Nonspendable.** This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories and prepaid expenditures are classified as nonspendable.
- **Restricted.** This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include debt service, bond proceeds, impact fees, grant revenue, state liquor fund allotment, donations, Redevelopment Agency fund balance, and perpetual care.
- **Committed.** This category includes amounts that can only be used for specific purposes established by formal action (resolution) of the City Council. Fund balance commitments can only be removed or changed by the same type of action of the City Council. Per Resolution 2014-11-42R, \$400 of each cemetery lot sale is to be used for expansion of the City's cemetery.
- **Assigned.** This category includes fund balance appropriated in the subsequent year's budget through City Council resolution. This category also includes the remaining positive fund balances

for other governmental funds. The City has assigned debt service, municipal building authority, PARC tax, downtown redevelopment, celebration, and capital projects. Currently, there is no body or official authorized to assign amounts for a specific purpose.

- **Unassigned.** Residual balances in the general fund are classified as unassigned. The General Fund is the only fund that reports a positive unassigned fund balance. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned, it may be necessary to report a negative unassigned fund balance in that fund.

When an expenditure is incurred for which amounts from both restricted and unrestricted resources could be used, it is the City's policy to use restricted resources first before using unrestricted resources. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, then assigned, and finally unassigned.

On May 28, 2019, the City Council passed a fund balance policy for the General Fund. The policy follows state code § 10-6-116(4) in regards to minimum fund balance required. Utah Code requires a minimum fund balance of 5 percent of total revenues to be maintained in the General Fund. For fiscal year 2020, this amount is \$1,369,220.

11. Use of Estimates

Presenting financial statements in conformity with Generally Accepted Accounting Principles requires management to make certain estimates concerning assets, liabilities, revenues, and expenses. Actual results may vary from these estimates.

12. Pensions

For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS' fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *total fund balances – governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position.

This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets.

One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$93,432,551 adjustment is as follows:

Cost of capital assets	\$132,133,986
Accumulated depreciation	<u>(38,701,435)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 93,432,551</u>

Another element of the reconciliation explains that “other items, including resources related to pensions, are not available to pay for current period expenditures and, therefore, are either deferred or not applicable to the funds.” The details of the \$1,770,533 difference are as follows:

Resources related to pensions	\$ 1,450,234
Net pension asset	<u>320,299</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 1,770,533</u>

Another element of the reconciliation states “other items, including net pension liabilities, are not due and payable in the current period and, therefore, are either deferred or not reported in the funds.” The details of the \$799,767 difference is as follows:

Net pension liability	\$ 2,982,572
Deferred inflows related to pensions	<u>1,751,398</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 4,733,970</u>

The final element of the reconciliation states that “long term liabilities, including bonds payable, are not due and payable in the current period, and accordingly, are not reported in the funds, but rather as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position.” The details of this \$18,702,530 difference is as follows:

Bonds payable	\$ 11,495,000
Deferred bond premium (to be amortized over life of original debt)	713,745
Accrued interest payable	34,600

Compensated absences	<u>925,448</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 13,168,792</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net change in fund balance – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities.

One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.”

Capital outlay	\$ 5,708,134
Depreciation expense	<u>(4,662,756)</u>
Net adjustment to reduce <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 1,045,378</u>

Another element of that reconciliation states that revenues in the statement of activities that do not provide current financial resources are not reported as revenues and are shown as a deferred inflow of resources in the funds. However, in the statement of activities revenue is reported when earned. Thus, the change is to reduce revenue by the amount of the previously reported revenue and to increase revenue by the amount of accrued revenue.

Delinquent property taxes	\$ 27,254
---------------------------	-----------

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.” Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Bond and lease principal payments	\$(1,125,000)
Deferred charge on refunding	5,183
Proceeds from issuance of new debt	8,665,261
Cost of issuing new debt	<u>83,484</u>
Net adjustments to decrease <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 7,628,928</u>

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds."

Compensated absences	\$ 73,288
Accrued interest	<u>19,156</u>
Net adjustment to decrease <i>net changes in fund balances— total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 92,444</u>

NOTE 3 – BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are prepared and adopted in accordance with the Uniform Fiscal Procedures Act adopted by the state of Utah. Once a budget has been adopted, it remains in effect until it has been formally revised. Furthermore, in accordance with state law, all appropriations lapse at the end of the budget year. If any obligations are contracted for and are in excess of the adopted budget, they are not a valid or enforceable claim against the City. Budgets are adopted on a basis consistent with generally accepted accounting principles. All funds of the City have legally adopted budgets.

The City adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- A. On or before the first regularly scheduled meeting of the City Council in May, the City Administrator submits a proposed operating budget. The operating budget includes proposed expenditures and the means of financing them.
- B. A public hearing is held at which time the taxpayers' comments are heard. Notice of the hearing is given at least seven days prior to the hearing. Copies of the proposed budget are made available for public inspection ten days prior to the public hearing.
- C. On or before June 30th, a final balanced budget must be adopted through passage of a resolution for the subsequent fiscal year beginning July 1st.
- D. Control of budgeted expenditures is exercised, under state law, at the departmental level. The Finance Director has the authority to transfer budget appropriations between line items within any department of any budgetary fund. The City Council, by resolution, has the authority to transfer budget appropriations between the individual departments of any budgetary fund.
- E. Budget appropriations for any department may be reduced by resolution.
- F. A public hearing, as required in B.) above, must be held to increase the total appropriations of any one governmental fund type; however, after the original public hearing, operating and capital budgets of proprietary fund types may be increased by resolution without an additional hearing.

- G. Encumbrances lapse at year end. Encumbered amounts do not carry over to the following year and are subject to re-appropriation. Therefore, no encumbrances are presented in the financial statements.

During the budget year, the City modified the budget on several occasions using the above procedures.

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. At June 30, 2020, the City's cash balance consisted of the following:

	Total Cash from All Fund Types
Cash	\$ 12,122,637
Cash Equivalents and Investments	<u>60,279,600</u>
Total Cash and Cash Equivalents	<u>\$ 72,402,237</u>

While the City's carrying amount of deposits was \$72,402,237 the balance in the City's bank account and cash on hand was \$72,454,984, with the difference being due to outstanding checks and deposits in transit.

A. Custodial Credit Risk

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Utah Money Management Act. The Act requires all deposits of the City to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2020, the deposits are as follows:

Depository Account	Custodial Credit Risk	Balance June 30, 2020
Checking and Cash on Hand	Insured	\$ 992,899
Checking and Cash on Hand	Uninsured	<u>11,129,738</u>
Total Deposits		<u>\$12,122,637</u>

Investments

The Money Management Act defines the types of securities authorized as appropriate investments and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of investment securities. The Act authorizes investments in both negotiable and nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse

repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investors Services or Standard & Poor’s; bankers’ acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae), and Student Loan Marketing Association (Sallie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rate “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; and shares or certificates in a money market mutual fund as defined in the Act and the Utah State Public Treasurer’s Investment Fund.

B. Credit Risk

The City is authorized to invest in the Utah Public Treasurer’s Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the state of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants’ average daily balances. There is no minimum balance requirement and no limit on the number of pool account transactions. The following are the City’s investments as of June 30, 2020:

Investments	Investment Maturities (in Years)				Quality Ratings
	Less Than 1	1-5	6-10	More Than 10	
Utah Public Treasurer's Investment Fund	\$ 60,279,600	-	-	-	Unrated

C. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of the investment. The City manages its exposure to declines in fair value by adhering to the Money Management Act. The Act requires that the remaining term to maturity of the investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the City’s investments are noted above.

D. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a City’s investment in a single issuer. The City’s policy to limit this risk is to adhere to the rules of the Money

Management Council. The Council's rule 17 limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending on the total dollar amount held in the City's portfolio at the time of purchase.

Of the City's investments, there is not more than 4.32 percent of the portfolio in one issuer. Therefore, the City is within the limits established by the Council's rule 17.

E. Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for *identical* investments in *active* markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

As of June 30, 2020, the City had the following recurring fair value measurements:

- Utah Public Treasurer's Investment Fund totaling \$60,279,600 valued using the application of the June 30, 2020, fair value factor, as calculated by the Utah State Treasurer, to the City's average daily balance in the fund (Level 2 inputs).

NOTE 5 – RECEIVABLES

Receivables as of year-end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>			
	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>
Receivables:				
Accounts	\$ 3,587,068	\$ 210,474	\$ -	\$ -
Property Tax	4,117,148	497,163	-	1,381,996
Other Taxes	2,084,153	174,520	756,078	230,754
Other	-	-	-	19,626
Less: Allowance for Uncollectible Accounts	(69,640)	-	-	-
	<u>\$ 9,718,728</u>	<u>\$ 882,157</u>	<u>\$ 756,078</u>	<u>\$ 1,632,376</u>

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2020

	Business-type Activities			Total
	Water	Sewer	Nonmajor Proprietary	
Receivables:				
Accounts	\$ 525,676	\$ 518,300	\$ 324,636	\$ 5,166,153
Property Tax	-	-	-	5,996,307
Other Taxes	-	-	-	3,245,505
Other	-	-	-	19,626
Less: Allowance for				
Uncollectible Accounts	(20,688)	(12,880)	(2,696)	(105,905)
	<u>\$ 504,987</u>	<u>\$ 505,420</u>	<u>\$ 321,940</u>	<u>\$ 14,321,686</u>

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Transfers:

The City transferred monies between funds to support debt service payments in the debt service fund and fleet fund, and to support related capital expenditures in the capital projects fund. In addition, transfers were completed to support general operations in the fitness center fund and broadband fund.

	Transfer Out				Total
	General	Capital Projects	Debt Service	Nonmajor Governmental	
Transfer In:					
General	\$ -	\$ -	\$ -	\$ 297,566	297,566
Capital Projects	1,124,164	-	941,411	143,615	2,209,190
Debt Service	-	-	-	108,932	108,932
Nonmajor Governmental	836,856	-	-	-	836,856
Nonmajor Proprietary	318,214	-	-	-	318,214
Internal Service	-	123,856	-	-	123,856
Total Transfer Out	<u>\$2,279,234</u>	<u>\$ 123,856</u>	<u>\$941,411</u>	<u>\$ 550,113</u>	<u>\$3,894,613</u>

Interfund Receivables / Payables

During fiscal year 2014, the capital projects fund acquired a note with the cemetery perpetual care fund in the amount of \$530,000 to expand the current cemetery. The note will be repaid with \$250 per lot sale. Payments are estimated to continue through fiscal year 2037. The note carries an interest rate of 2.35 percent. The current balance on the loan is \$426,954.

Due to a negative cash balance, the water fund loaned the broadband fund \$2,583,962 to address this shortfall at the end of fiscal year 2020. Funds will be repaid when the broadband fund is in a positive cash position.

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2020

NOTE 7 – CAPITAL ASSETS

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 24,890,527	\$ -	\$ -	\$ 24,890,527
Land Right of Way	726,929	-	-	726,929
Construction in Progress	3,540,645	4,699,559	2,271,317	5,968,887
Total capital assets not being depreciated	29,158,101	4,699,559	2,271,317	31,586,343
Capital assets being depreciated:				
Buildings	29,453,387	52,550.00	-	29,505,937
Improvements	62,317,799	4,627,227	-	66,945,026
Machinery and Equipment	13,098,800	3,203,448	165,939	16,136,309
Total capital assets being depreciated	104,869,986	7,883,225	165,939	112,587,272
Less accumulated depreciation for:				
Buildings	11,604,267	631,148	-	12,235,415
Improvements	19,493,683	3,853,599	-	23,347,282
Machinery and Equipment	8,948,347	1,070,428	152,386	9,866,389
Total accumulated depreciation	40,046,297	5,555,175	152,386	45,449,086
Total capital assets, being depreciated, net	64,823,689	2,328,050	13,553	67,138,186
Governmental activities capital assets, net	\$ 93,981,790	\$ 7,027,609	\$ 2,284,870	\$ 98,724,529
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 777,614	\$ -	\$ -	\$ 777,614
Construction in Progress	3,063,882	2,031,062	2,701,789	2,393,155
Water Shares	30,911,220	2,068,003	-	32,979,223
Total capital assets not being depreciated	34,752,716	4,099,065	2,701,789	36,149,992
Capital assets being depreciated:				
Buildings	1,860,587	-	-	1,860,587
Improvements	117,210,549	4,751,983	-	121,962,532
Machinery and Equipment	714,591	110,619	-	825,210
Total capital assets being depreciated	119,785,727	4,862,602	-	124,648,329
Less accumulated depreciation for:				
Buildings	1,098,852	47,425	-	1,146,277
Improvements	40,782,429	2,860,198	-	43,642,627
Machinery and Equipment	571,448	28,440	-	599,888
Total accumulated depreciation	42,452,729	2,936,063	-	45,388,792
Total capital assets, being depreciated, net	77,332,998	1,926,539	-	79,259,537
Business-type activities capital assets, net	\$112,085,714	\$ 6,025,604	\$ 2,701,789	\$115,409,529

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 7,640
Public Works	4,038,526
Public Safety	59,830
Community Services	323,613
Recreation	233,146
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	892,420
Total Depreciation Expense - Governmental Activities	\$ 5,555,175
Business-Type Activities:	
Water	\$ 2,231,216
Sewer	374,608
Storm Drain	281,806
Broadband	48,433
Total Depreciation Expense - Business-Type Activities	2,936,063
Total Depreciation Expense	\$ 8,491,238

NOTE 8 - LEASE COMMITMENTS

The City entered into a capital lease agreement in November 2016 to purchase two ambulances for the fire department. The City financed the purchase over 72 months with a stated interest rate of 1.60 percent and annual payments of \$103,245 through June 2022.

The City entered into a capital lease agreement in October 2014 to purchase a dump truck and two vehicles for public works. The City financed the purchase over 60 months with a stated interest rate of 1.52 percent and with annual payments of \$60,706 through October 2017, decreasing to annual payments of \$39,940 and \$41,638, respectively, through October 2019.

During fiscal year 2018 the City entered into a capital lease agreement for the purchase of a fire engine. The purchase was financed over 60 months with a stated interest rate of 2.27 percent and annual payments of \$145,680 through September 2022.

During fiscal year 2019 the City entered into a capital lease agreement for the purchase of six police vehicles. The City financed the purchase over 60 months with a stated interest rate of 3.13 percent and annual payments of \$52,807 through July 2023.

Amortization of capital assets purchased under capital leases is included in depreciation. The assets acquired through capital leases are as follows:

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2020

<u>Asset</u>	<u>Governmental Activities</u>
Machinery & Equipment	\$ 3,647,805
Less: Accumulated Depreciation	(442,975)
Total	<u>\$ 3,204,830</u>

The present value of future minimum capital lease payments under these leases as of June 30, 2020:

<u>Fiscal Year</u>	<u>Governmental Amount</u>
2021	591,911
2022	591,911
2023	488,666
2024	342,986
2025	290,180
2026	290,180
2027	244,763
2028	88,468
Total Minimum Lease Payments	<u>2,929,065</u>
Less: Amounts Representing Interest	<u>(181,064)</u>
Present Value of Minimum Lease Payments	<u>\$ 2,748,001</u>

At June 30, 2020, the City's capital leases payable balance consisted of the following:

	<u>Capital Leases Payable Governmental</u>
Capital Leases Payable	\$ 2,748,001
Current Portion Capital Leases Payable	<u>(537,243)</u>
Long-Term Capital Leases Payable	<u>\$ 2,210,758</u>

NOTE 9 - LONG-TERM DEBT

Bonds and notes payable at June 30, 2020, are comprised of the following:

General Obligation Bonds:

2011 General Obligation Refunding Bonds:

\$1,650,000 General Obligation Refunding Bonds
due in annual principal and interest payments through
June 2021 – Interest is at a variable interest rate ranging from
0.067% to 3.00%. Proceeds were used to build and equip the
City's fire station. \$ 175,000

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2020

2015 General Obligation Refunding Bonds:

\$7,020,000 General Obligation Refunding Bonds due in annual principal and semi-annual interest payments through May 2035 – Interest is at a varying rate of 2.25% to 4.00%. Proceeds were used to advance refund the 2007 GO Bonds, which partially financed the City’s pressurized irrigation system. 6,075,000

2016 General Obligation Refunding Bonds:

\$30,285,000 General Obligation Refunding Bonds due in annual Principal and semi-annual interest payments through May 2035 – Interest is at a varying rate of 2.00% to 5.00%. Proceeds were used to advance refund the 2008 GO Bonds, which partially financed the City’s pressurized irrigation system. 27,785,000

2020 General Obligation Bonds:

\$8,035,000 General Obligation Bonds due in annual principal and semi-annual interest payments through May 2038 – Interest is at 1.55%. Interest is at a varying rate of 2.25% to 5.00%. Proceeds are used to construct a fire station. 8,035,000

Fiscal Year	General Obligation Bonds			
	Governmental		Business-Type Activities	
	Principal	Interest	Principal	Interest
2021	865,000	365,257	1,665,000	1,321,288
2022	705,000	347,254	1,745,000	1,241,188
2023	732,000	319,452	1,825,000	1,157,238
2024	760,000	290,535	1,900,000	1,069,388
2025	790,000	260,473	2,000,000	977,888
2026-2030	3,433,000	878,099	11,285,000	3,632,238
2031-2035	2,540,000	358,190	13,440,000	1,481,575
2036-2038	1,670,000	75,713	-	-
Total	<u>\$ 11,495,000</u>	<u>\$ 2,894,974</u>	<u>\$ 33,860,000</u>	<u>\$ 10,880,803</u>

The general obligation bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. The general revenues of the City are contingently liable for the general obligation bonds that are currently outstanding and recorded as obligations of the business-type activities. The full faith and credit of the City is pledged to redeem these bonds if revenues from the proprietary funds are insufficient to meet the obligations. There are a number of covenants and restrictions contained in the revenue bonds. The City was in compliance with all significant covenants and restrictions related to the bonds at June 30, 2020.

Prior Year Advanced Refundings

In fiscal year 2016 the City issued \$30,285,000 in general obligation bonds with an interest rate of 3.00 to 5.00 percent. The proceeds were used to advance refund \$31,200,000 of the outstanding 2008 general obligation bonds with interest rates ranging from 2.00 to 4.00 percent. The net proceeds of \$34,397,083 (after payment of \$122,640 in issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for future debt service payments on the refunded bonds. As a result, the 2008 general obligation bonds are partially considered defeased and the liability for those bonds have been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$2,435,384. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The City advance refunded the 2008 general obligation bonds to reduce its total debt service payments over twenty years by \$4,884,058 and to obtain an economic gain (i.e., the difference between the present values of the debt service payments on the old and new debt) of \$3,818,377. As of June 30, 2020, the outstanding principal balance of the defeased debt was \$27,785,000.

In fiscal year 2015 the City issued \$7,020,000 in general obligation bonds with an interest rate of 2.74 percent. The proceeds were used to advance refund \$6,745,000 of the outstanding 2007 general obligation bonds, with interest rates ranging from 2.00 percent to 4.00 percent. The net proceeds of \$7,270,728 (after payment of \$79,748 in issuance costs and \$46,112 in underwriter fees) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2007 general obligation bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$376,588. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The government advance refunded the 2007 general obligation bonds to reduce its total debt service payments over twenty years by \$244,434 and to obtain an economic gain (i.e., the difference between the present values of the debt service payments on the old and new debt) of \$957,571. As of June 30, 2020, the outstanding principal balance of the defeased debt was \$6,075,000.

Revenue Bonds:

2012 Water Revenue Bonds:

\$800,000 Water Revenue Bonds due in annual principal and interest payments through January 2033 – Interest is at varying rates from 2.69 to 5.60%. Proceeds were used to improve the City's water infrastructure.

567,000

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2020

2018 Sales Tax Revenue and Refunding Bonds:

\$4,000,000 Sales Tax Revenue and Refunding Bonds due in annual Principal and semi-annual interest payments through May 2028 – Interest is at a rate of 3.04%. Proceeds will be used expand Art Dye park and to refinance the 2012 Sales Tax Revenue Bonds.

3,285,000

Fiscal Year	Revenue Bonds			
	Governmental		Business-Type Activities	
	Principal	Interest	Principal	Interest
2021	370,000	99,864	37,000	15,252
2022	380,000	88,616	38,000	14,257
2023	392,000	77,064	39,000	13,235
2024	405,000	65,147	40,000	12,186
2025	415,000	52,835	41,000	11,110
2026-2030	1,323,000	81,259	223,000	38,386
2031-2033	-	-	149,000	8,097
Total	<u>\$ 3,285,000</u>	<u>\$ 464,786</u>	<u>\$ 567,000</u>	<u>\$ 112,523</u>

The City has pledged culinary water revenue for the 2012 Water Revenue Bonds. The remaining principal and interest payments total \$679,523. For the current year, principal and interest paid and water charges for services were \$52,221 and \$3,890,915, respectively. It is estimated that annual principal and interest payments on the bonds will require an average of 1.3 percent of pledged revenues. In the event of default, the bondholder (the state of Utah) may require the City to pay an interest penalty equal to 18 percent per annum of the outstanding principal amount and interest on the bonds, with interest accruing until payment by the City.

The future annual requirements for all outstanding bond obligations as of June 30, 2020, are as follows:

Fiscal Year	All Bonds and Notes		
	Principal	Interest	Total
2021	2,937,000	1,801,661	4,738,661
2022	2,868,000	1,691,315	4,559,315
2023	2,988,000	1,566,989	4,554,989
2024	3,105,000	1,437,256	4,542,256
2025	3,246,000	1,302,306	4,548,306
2026-2030	16,264,000	4,629,982	20,893,982
2031-2035	16,129,000	1,847,862	17,976,862
2036-2038	1,670,000	75,713	1,745,713
Total	<u>\$ 49,207,000</u>	<u>\$ 14,353,084</u>	<u>\$ 63,560,084</u>

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2020

Changes in Long-Term Debt

	July 1, 2019	Additions	Reductions	June 30, 2020	Due in One Year
Governmental Activities:					
Bonds Payable:					
2011 General Obligation Refunding Bonds	350,000	-	175,000	175,000	175,000
2014 General Obligation Refunding Bonds	590,000	-	590,000	-	-
2018 Sales Tax Revenue and Refunding Bonds	3,645,000	-	360,000	3,285,000	370,000
2020 General Obligation Bonds	-	8,035,000	-	8,035,000	320,000
Total Bonds Payable	4,585,000	8,035,000	1,125,000	11,495,000	865,000
Net Pension Liability	5,533,737	-	2,551,165	2,982,572	-
Capital Leases	1,136,929	2,079,500	470,596	2,745,833	537,243
Compensated Absences	852,159	707,645	634,356	925,448	707,190
Total Governmental Long-Term Obligations	12,107,825	10,822,145	4,781,117	18,148,853	2,109,433
Business-Type Activities:					
Bonds Payable:					
2012 Water Revenue Bonds	603,000	-	36,000	567,000	37,000
2015 General Obligation Bonds	6,375,000	-	300,000	6,075,000	315,000
2016 General Obligation Bonds	29,065,000	-	1,280,000	27,785,000	1,350,000
Unamortized Bond Premium	3,260,082	-	203,755	3,056,327	-
Total Bonds Payable	39,303,082	-	1,819,755	37,483,327	1,702,000
Net Pension Liability	718,517	-	361,273	357,244	-
Compensated Absences	145,074	2,254	74,045	73,283	68,913
Total Business-Type Long-Term Obligations	40,166,673	2,254	2,255,073	37,913,854	1,770,913
Total Government-Wide Long-Term Obligations	\$ 52,274,498	\$ 10,824,399	\$ 7,036,190	\$ 56,062,707	\$ 3,880,346

NOTE 10 - RETIREMENT PLAN

Plan Description. Eligible plan participants are provided with pensions through the Utah Retirement Systems (URS). URS is composed of the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System).
- The Firefighters Retirement System (Firefighters System) is a multiple employer, cost-sharing, retirement system.
- The Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) and the Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) are both multiple employer, cost sharing, public employees retirement systems.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2020

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the Utah State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the state of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that may be obtained by writing to the below address or by visiting the website www.urs.org:

Utah Retirement Systems
560 E 200 S
Salt Lake City, UT 84102-2021

Benefits Provided. URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

Summary of Benefits by System

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percent per Year of Service	COLA**
Noncontributory System	Highest 3 Years	30 Years any age 25 Years any age* 20 Years age 60* 10 Years age 62 4 Years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 Years	20 Years Any Age 10 Years Age 60 4 Years Age 65	2.5% Per Year Up to 20 Years; 2.0% Per year Over 20 Years	Up to 2.5% or 4% Depending Upon Employer
Firefighters System	Highest 3 Years	20 Years Any Age 10 Years Age 60 4 Years Age 65	2.5% Per Year Up to 20 Years; 2.0% Per Year Over 20 Years	Up to 4%
Tier 2 Public Employees System	Highest 5 Years	35 Years Any Age 20 Years Any Age 60* 10 Years Age 62* 4 Years Age 65	1.5% Per Year All Years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 Years	25 Years Any Age 20 Years Any Age 60* 10 Years Age 62* 4 Years Age 65	1.5% Per Year All Years; 2.0% Per Year July 2020 To Present	Up to 2.5%

* With actuarial reductions

**All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2020

Contributions. As a condition of participation in the Systems, employers and/or employees are required to contribute a certain percentage of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2020, are as follows:

	Employee	Employer Contribution Rates	Employer Rate for 401(k) Plan
Contributory System			
111 – Local Government Division Tier 2 Noncontributory System	N/A	15.66%	1.03%
15 – Local Government Division Tier 1	N/A	18.47%	N/A
Public Safety Retirement System			
122 – Contributory Tier 2 DB Hybrid	N/A	23.13%	0.70%
43 – Noncontributory Other Division A With 2.5% COLA	N/A	34.04%	N/A
Firefighters System			
31 – Other Division A	15.05%	4.61%	N/A
132 – Tier 2 DB Hybrid	N/A	11.38%	0.70%
Tier 2 DC Only			
211 Local Government	N/A	6.69%	10.00%
222 Public Safety	N/A	11.83%	12.00%
232 Firefighters	N/A	0.08%	12.00%

**Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.*

For fiscal year ended June 30, 2020, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory	\$ 692,913	N/A
Public Safety	-	-
Firefighters	366,460	128,030
Tier 2 Public Employees	39,218	-
Tier 2 Public Safety and Firefighter	164,060	-
Tier 2 DC Only System	388,407	N/A
Tier 2 DC Public Safety and Firefighter System	35,008	N/A
Total Contributions	\$1,697,451	\$128,030

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2020

Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At June 30, 2020, the City reported a net pension asset of \$320,299 and a net pension liability of \$3,339,817:

	Measurement Date: December 31, 2019			December 31, 2018	
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share	Change (Decrease)
Noncontributory System	\$ -	\$ 1,672,796	0.4438457%	0.4440602%	-0.0002145%
Public Safety System	-	1,542,171	0.9604843%	1.0127761%	-0.0522918%
Firefighters System	320,299	-	2.5826386%	2.4297297%	0.1529089%
Tier 2 Public Employees System	-	16,799	0.0746911%	0.0748773%	-0.0001862%
Tier 2 Public Safety and Firefighter	-	108,051	1.1486931%	1.1694804%	-0.0207873%
	<u>\$ 320,299</u>	<u>\$ 3,339,817</u>			

The net pension asset and liability were measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2019 and rolled forward using generally accepted actuarial procedures. The proportion of net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2020, the City recognized pension expense of \$1,666,141. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 278,218	\$ 107,550
Changes in Assumptions	399,202	27,368
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,621,787
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	87,604	167,976
Contributions Subsequent to the Measurement Date	834,849	-
Total	<u>\$ 1,599,873</u>	<u>\$ 1,924,681</u>

\$834,849 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

These contributions, typically made from the general fund, will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Deferred Outflows (Inflows) of Resources
2020	(\$302,042)
2021	(414,896)
2022	72,360
2023	(592,572)
2024	10,952
Thereafter	66,541

Actuarial Assumptions. The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation 2.50 percent
- Salary Increases 3.25 – 9.75 percent, average, including inflation
- Investment Rate of Return 6.95 percent, net of pension plan investment expense, Including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2019, valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Expected Return Arithmetic Basis			
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term
			Expected Portfolio Real Rate of Return
Equity Securities	40.00%	6.15%	2.46%
Debt Securities	20.00%	0.40%	0.08%
Real Assets	15.00%	5.75%	0.86%
Private Equity	9.00%	9.95%	0.89%
Absolute Return	16.00%	2.85%	0.46%
Cash and Cash Equivalents	0.00%	0.00%	0.00%
Totals	100.00%		4.75%
	Inflation		2.50%
	Expected Arithmetic Nominal Return		7.25%

The 6.95 percent assumed investment rate of return is comprised of an inflation rate of 2.50 percent and a real return of 4.45 percent that is net of investment expense.

Discount Rate. The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 6.95 percent from 7.20 percent from the prior measurement period.

Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate. The following table presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as the proportionate share of the net pension liability if it were calculated using a discount rate that is 1 percentage point lower (5.95 percent) or 1 percentage point higher (7.95 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$5,224,725	\$1,672,796	\$(1,289,475)
Public Safety System	3,994,820	1,542,171	(451,080)
Firefighters System	655,016	(320,299)	(1,111,481)
Tier 2 Public Employees System	144,862	16,799	(82,171)
Tier 2 Public Safety and Firefighter	381,703	108,051	(95,091)
Total	\$10,401,126	\$3,019,518	\$(3,029,298)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

Defined Contribution Savings Plans. The defined contribution savings plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b), and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

The City participates in the following defined contribution savings plans with Utah Retirement Systems:

- 401(k) plan
- 457(b) plan
- Roth IRA plan
- Traditional IRA plan

The City has also established a voluntary deferred compensation program pursuant to Section 457 of the Internal Revenue Code for Public Safety (Fire) employees. In accordance with Governmental Accounting Standards Board Statement 32 (GASB No. 32), the assets and income of the Plan are held in trust for the exclusive benefit of the participants or their beneficiaries.

Cafeteria Plan. The City previously offered a cafeteria plan to all non-probationary full-time employees to fund a variety of employee health benefit programs, including a 401(k) plan, life insurance, disability insurance, health insurance, and other benefits. This program was discontinued in February 2019.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The City is a defendant in certain legal actions and pending actions, or in process for miscellaneous claims. The ultimate liability that might result from the final resolution of the above matters is not presently determinable. City management is of the opinion that the final outcome of the cases will not have an adverse material effect on the City's financial statements.

In the normal course of operations, the City receives grant funds from various federal agencies. The grant operations are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as the result of audits of grant funds is not believed to be material.

The City has various construction projects and agreements as of June 30, 2020, with commitments to contractors and vendors as follows:

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2020

Road Projects	\$ 2,286,840
Water Projects	2,768,702
Park Projects	649,510
Sewer and Storm Drain Projects	843,500
General Projects	3,341,944
Total Commitments	<u>\$ 9,890,496</u>

NOTE 12 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. It is the policy of the City to purchase commercial insurance for these risks. Various policies are purchased through an insurance agency to cover liability, theft, damage, and other losses. A minimal deductible applies to these policies, which the City pay in the event of any loss. There have been no significant reductions in coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The City also maintains a worker's compensation policy through a commercial vendor.

NOTE 13 - REDEVELOPMENT AGENCY

The Redevelopment Agency of American Fork City is established to further public purposes in the redevelopment of certain City areas. For the year ended June 30, 2020, the following activity occurred in the City's Redevelopment Agency:

Tax increment collection from other taxing agencies for various project areas	\$1,291,184
Tax increment distributions	474,253
Outstanding loans to finance RDA projects	-
Amounts expended for installation of capital improvements, other public improvements, and housing donations	52,993
Amounts expended for administrative costs	33,500

NOTE 14 – DEFICIT NET POSITION

For the year ended June 30, 2020, the City had negative net position in the broadband fund. During fiscal year 2003, an existing high-speed broadband system was purchased from a private company. The City began providing wholesale services to internet providers during fiscal year 2003. A significant portion of the broadband assets were sold to UTOPIA and a private company in 2008. The City has since issued more IRUs (Irrevocable Rights of Use) that extend beyond the useful life of the asset and are treated in the financial statements as a sale of assets. The City is currently in the process of conducting a feasibility study to determine long-term options for the broadband system, and in fiscal year 2020 the general fund subsidized the current year's deficit.

NOTE 15 – LEASE ARRANGEMENTS

The City entered into an agreement with the state of Utah to lease office and court space to the Fourth Judicial District and Juvenile Courts. The lease agreement is through September 30, 2022, with five-year renewal options. The annual lease payment is \$349,300. The operating and maintenance portion is currently being adjusted to reflect the City's actual costs.

The future lease payments are as follows:

<u>Fiscal Year Ended</u>	<u>Amount</u>
2020	\$ 349,300
2021	349,300
2022	349,300
2023	87,325
	<u>\$ 1,135,225</u>

NOTE 16 – SALE OF HOSPITAL – NOTE RECEIVABLE

The City sold a hospital building to Heritage Care Center for \$2,686,964 in July 2003. The City is financing \$492,000 of the sales price. The City's loan is secured by a second position interest in the building. The City's security is subordinate to the U.S. Department of Housing and Urban Development (HUD), which holds the first position interest. Heritage Care Center repaid principal balance of the note in the amount of \$414,122 during fiscal year 2020.

NOTE 17 – TAX ABATEMENT AGREEMENTS

On December 9, 2014, the City entered into a development agreement with AFCC Limited, the developer of the Meadows shopping center. Under this agreement, AFCC Limited is allowed to share in future sales and property tax increment revenues subject to a number of terms and conditions, which include:

- A fifteen-year maximum term.
- The first \$70,000 of tax increment generated during each year is not subject to the agreement.
- After the first \$70,000, the City will reimburse AFCC Limited 75 percent of the tax increment revenues generated.
- \$2,000,000 maximum reimbursement cap.

During fiscal year ending June 30, 2020 AFCC Limited did not exceed the thresholds under the terms and conditions of the agreement to receive a tax increment share.

On December 23, 2019, the City entered into a development agreement with National Buick GMC. Under this agreement, National Buick GMC can share in future sales and property tax increment revenues subject to a number of terms and conditions, which include:

- The first \$100,000 of tax increment generated during each year is not subject to the agreement.
- After the first \$100,000, the City will reimburse National Buick GMC a tiered percentage of tax increment generated above the baseline amount of \$100,000.
- \$1,000,000 maximum reimbursement cap.

During fiscal year ending June 30, 2020 National Buick GMC received \$24,982 in tax increment reimbursements.

NOTE 18 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 21, 2020, the date the financial statements were available to be issued.

Bond Issuance

On November 19, 2020, the City issued \$22,015,000 of Water Revenue Bonds, Series 2020. The interest rate is 1.00% with the final maturity due on December 1, 2051. The debt service payments are scheduled annually at amounts that range from \$796,550 to \$885,880.



Required Supplementary Information

CITY OF AMERICAN FORK

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Taxes				
Property Tax - Current	\$ 3,533,000	\$ 3,533,000	\$ 3,712,679	\$ 179,679
Property Tax - Delinquent	250,000	250,000	293,319	43,319
Motor Vehicle Tax	363,000	363,000	379,395	16,395
Sales and Use Tax	9,000,000	9,000,000	9,971,598	971,598
Penalties and Interest	15,093	15,093	16,876	1,783
Telecommunications Tax	270,000	270,000	243,259	(26,741)
Energy Sales and Use Tax	1,835,000	1,835,000	1,787,645	(47,355)
Cable TV Franchise Tax	125,000	125,000	131,832	6,832
Total Taxes	15,391,093	15,391,093	16,536,603	1,145,510
Licenses and Permits				
Building Permits	1,300,000	1,300,000	1,208,439	(91,561)
Business Licenses	96,800	96,800	90,302	(6,498)
Other Licenses and Permits	92,000	92,450	68,270	(24,180)
Total Licenses and Permits	1,488,800	1,489,250	1,367,011	(122,239)
Intergovernmental Revenues				
Federal Grants	92,330	115,412	1,411,328	1,295,916
State Grants	8,000	25,795	77,238	51,443
County, Local, and Other Grants	10,476	45,823	76,121	30,298
Liquor Fund Allotment	30,000	30,000	44,831	14,831
Total Intergovernmental Revenues	140,806	217,030	1,609,518	1,392,488
Charges for Services				
Fire Protection	698,900	698,900	696,078	(2,822)
Police Protection	603,858	603,858	620,126	16,268
Ambulance Fees	1,943,950	1,943,950	2,007,344	63,394
Development Fees	143,285	239,279	336,513	97,234
Plan Check Fees	445,000	445,000	466,222	21,222
Recreation Fees	378,000	409,500	334,110	(75,390)
Cemetery Fees	153,000	153,000	147,010	(5,990)
Administrative Charge	1,781,677	1,781,677	1,781,677	-
Other Fees	248,000	248,000	219,201	(28,799)
Total Charges for Services	6,395,670	6,523,164	6,608,281	85,117
Fines and Forfeitures	350,000	350,000	353,424	3,424
Miscellaneous Revenue				
Investment Earnings	130,000	130,000	89,884	(40,116)
Rental Income	445,000	445,000	438,400	(6,600)
Donations	6,000	10,000	8,149	(1,851)
Sundry Revenue	119,313	119,313	373,137	253,824
Total Miscellaneous Revenue	700,313	704,313	909,570	205,257
Total Revenue	<u>\$ 24,466,682</u>	<u>\$ 24,674,850</u>	<u>\$ 27,384,407</u>	<u>\$ 2,709,557</u>

The notes to the required supplementary information are an integral part of this schedule.

CITY OF AMERICAN FORK
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Continued)
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
EXPENDITURES				
General Government				
Administration and Finance	\$ 1,442,101	\$ 1,454,561	\$ 1,550,678	\$ (96,117)
Legislative and Executive	254,397	254,397	206,903	47,494
Legal	411,250	411,250	397,548	13,702
Total General Government	2,107,748	2,120,208	2,155,129	(34,921)
Community Services				
Parks	1,066,658	1,066,658	890,191	176,467
Cemetery	538,071	538,071	500,276	37,795
Boat Harbor	54,462	54,462	41,612	12,850
Library	1,034,329	1,034,329	987,195	47,134
Literacy Center	41,076	41,076	31,310	9,766
Administration	342,552	355,802	308,496	47,306
Total Community Services	3,077,148	3,090,398	2,759,080	331,318
Public Works				
Streets	1,512,653	1,713,309	1,845,884	(132,575)
Building Maintenance	1,035,704	1,033,619	1,026,774	6,845
Building Inspection	902,397	902,397	887,255	15,142
Engineering	683,224	809,218	677,651	131,567
Administration	332,210	332,210	310,965	21,245
Total Public Works	4,466,188	4,790,753	4,748,529	42,224
Public Safety				
Police & Animal Control	6,331,274	6,427,492	6,147,865	279,627
Fire	5,639,900	5,654,681	5,276,444	378,237
Total Public Safety	11,971,174	12,082,173	11,424,309	657,864
Recreation	689,968	721,468	647,930	73,538
Other				
Planning	320,456	320,456	311,056	9,400
Senior Citizens	118,289	118,289	105,882	12,407
Citizen Committees	14,000	14,000	6,648	7,352
Total Other	452,745	452,745	423,586	29,159
Total Expenditures	22,764,971	23,257,745	22,158,563	1,099,182
Excess (Deficiency) of Revenues Over Expenditures	1,701,711	1,417,105	5,225,844	3,808,739
OTHER FINANCING SOURCES (USES)				
Transfers In	299,633	299,633	297,566	(2,067)
Transfers Out	(2,001,344)	(2,003,429)	(2,279,234)	275,805
Sale of Capital Assets	-	-	8,880	8,880
Total Other Financing Sources (Uses)	(1,701,711)	(1,703,796)	(1,972,788)	282,618
Net Change in Fund Balance	-	(286,691)	3,253,056	3,539,747
Fund Balance - July 1	2,992,113	2,992,113	2,992,113	-
Fund Balance - June 30	\$ 2,992,113	\$ 2,705,422	\$ 6,245,169	\$ 3,539,747

The notes to the required supplementary information are an integral part of this schedule.

CITY OF AMERICAN FORK

Required Supplementary Information

Schedule of the Proportionate Share of the Net Pension Liability

June 30, 2020

Last 10 Fiscal Years*

Year Ended 12/31	Noncontributory Retirement System	Public Safety System	Firefighters System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters System
Proportion of the net pension liability (asset)					
2014	0.4499177%	0.9998703%	1.4214988%	0.0782491%	1.5096317%
2015	0.4671654%	1.0209030%	1.5158354%	0.0912367%	1.5001408%
2016	0.4489326%	0.9700784%	1.4418841%	0.0985332%	1.3686609%
2017	0.4739740%	0.9866520%	1.9399640%	0.0947120%	1.3857400%
2018	0.4440602%	1.0127761%	2.4297297%	0.0748773%	1.1694804%
2019	0.4438457%	0.9604843%	2.5826386%	0.0746911%	1.1486931%
Proportionate share of the net pension liability (asset)					
2014	\$ 1,953,649	\$ 1,257,420	\$ (81,116)	\$ (2,371)	\$ (22,332)
2015	5,643,449	1,828,694	(27,455)	(199)	(21,918)
2016	2,882,697	1,968,557	(11,367)	10,991	(11,881)
2017	2,076,622	1,547,719	(121,161)	8,351	(16,009)
2018	3,269,937	2,605,453	315,494	32,068	29,302
2019	1,672,796	1,542,171	(320,299)	16,799	108,051
Covered payroll					
2014	\$ 3,840,242	\$ 1,420,345	\$ 369,498	\$ 384,271	\$ 624,887
2015	3,969,893	1,450,621	498,165	589,511	892,642
2016	3,851,408	1,342,582	501,290	808,052	1,130,820
2017	4,032,289	1,319,371	571,039	928,254	1,460,525
2018	3,812,874	1,314,953	752,118	874,153	1,565,601
2019	3,844,971	1,168,425	826,886	1,038,379	1,893,108
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll					
2014	50.90%	88.50%	-22.00%	0.60%	-3.60%
2015	66.59%	126.06%	-5.51%	0.03%	-2.46%
2016	74.85%	146.62%	-2.27%	1.36%	-1.05%
2017	51.50%	117.31%	-21.22%	0.90%	-1.10%
2018	85.76%	198.14%	41.95%	3.67%	1.87%
2019	43.51%	131.99%	-38.74%	1.62%	5.71%
Plan fiduciary net position as a percentage of its covered payroll					
2014	90.20%	90.50%	103.50%	103.50%	120.50%
2015	87.80%	87.10%	101.00%	100.20%	100.70%
2016	87.30%	86.50%	100.40%	95.10%	103.60%
2017	91.90%	90.20%	103.00%	97.40%	103.00%
2018	87.00%	84.70%	94.30%	90.80%	95.60%
2019	93.70%	90.90%	105.00%	96.50%	89.60%

* The amounts presented for each fiscal year were determined as of December 31. In accordance with GASB 68, until a full 10-year trend is compiled, information is presented for those years which information is available.

The notes to the required supplementary information are an integral part of this schedule.

CITY OF AMERICAN FORK

Required Supplementary Information

Schedule of Contributions - Utah Retirement Systems

June 30, 2020

Last 10 Fiscal Years*

Fiscal Year Ended June 30	Actuarial Determined Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
Noncontributory System					
2014	\$ 686,852	\$ 686,852	-	\$ 3,980,825	17.25%
2015	698,745	698,745	-	3,814,719	18.32%
2016	715,449	715,449	-	3,911,858	18.29%
2017	724,783	724,783	-	3,972,181	18.25%
2018	720,585	720,585	-	3,952,823	18.23%
2019	688,195	688,195	-	3,779,491	18.21%
2020	692,913	692,913	-	3,804,571	18.21%
Public Safety System					
2014	446,564	446,564	-	1,389,432	32.14%
2015	493,954	493,954	-	1,451,099	34.04%
2016	477,217	477,217	-	1,401,928	34.04%
2017	452,796	452,796	-	1,330,187	34.04%
2018	451,848	451,848	-	1,327,402	34.04%
2019	421,884	421,884	-	1,239,375	34.04%
2020	366,460	366,460	-	1,076,555	34.04%
Firefighters System					
2014	10,422	10,422	-	352,100	2.96%
2015	15,660	15,660	-	454,136	3.45%
2016	15,749	15,749	-	487,783	3.23%
2017	17,957	17,957	-	514,525	3.49%
2018	26,696	26,696	-	679,298	3.93%
2019	36,437	36,437	-	790,388	4.61%
2020	39,218	39,218	-	850,699	4.61%
Tier 2 Public Employees System**					
2014	41,337	41,337	-	295,477	13.99%
2015	71,827	71,827	-	480,771	14.94%
2016	105,774	105,774	-	709,416	14.91%
2017	137,044	137,044	-	919,145	14.91%
2018	128,787	128,787	-	852,329	15.11%
2019	153,055	153,055	-	984,911	15.54%
2020	164,060	164,060	-	1,047,639	15.66%

CITY OF AMERICAN FORK

Required Supplementary Information

Schedule of Contributions - Utah Retirement Systems (continued)

June 30, 2020

Last 10 Fiscal Years*

Fiscal Year Ended June 30	Actuarial Determined Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
Tier 2 Public Safety and Firefighter System**					
2014	68,400	68,400	-	477,736	14.32%
2015	114,413	114,413	-	797,630	14.34%
2016	140,767	140,767	-	997,412	14.11%
2017	198,201	198,201	-	1,306,481	15.17%
2018	243,354	243,354	-	1,521,388	16.00%
2019	288,715	288,715	-	1,645,804	17.54%
2020	388,407	388,407	-	2,201,991	17.64%
Tier 2 Public Employees DC Only System**					
2014	167	167	-	3,000	5.57%
2015	2,293	2,293	-	34,122	6.72%
2016	4,993	4,993	-	74,629	6.69%
2017	13,612	13,612	-	203,471	6.69%
2018	19,449	19,449	-	290,718	6.69%
2019	29,082	29,082	-	434,702	6.69%
2020	35,008	35,008	-	523,288	6.69%
Tier 2 Public Safety and Firefighter DC Only System**					
2014	-	-	-	-	0.00%
2015	171	171	-	1,448	11.81%
2016	4,694	4,694	-	39,680	11.83%
2017	4,999	4,999	-	42,254	11.83%
2018	5,505	5,505	-	46,537	11.83%
2019	6,896	6,896	-	90,011	7.66%
2020	11,385	11,385	-	156,491	7.28%

* The amounts presented for each fiscal year were determined as of December 31. In accordance with GASB 68, until a full 10-year trend is compiled, information is presented for those years for which information is available. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

** Contributions in the Tier 2 system include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

The notes to the required supplementary information are an integral part of this schedule.

CITY OF AMERICAN FORK

Notes to Required Supplementary Information

For the Year Ended June 30, 2020

1. **BUDGETARY INFORMATION**

Budgets for the general fund are adopted and presented on a basis consistent with generally accepted accounting principles.

2. **DEFINED CONTRIBUTION SYSTEM**

The City participates in a defined contribution plan with Utah Retirement Systems. A summary of the contributions made for fiscal year ended June 30, 2020, are as follows:

	Employee Paid Contributions	Employer Paid Contributions
401(k) Plan	\$ 95,365	\$ 191,644
457 Plan	11,815	-
Roth IRA Plan	74,153	-

* The employer paid 401(k) contributions include the totals paid for employees enrolled in the Tier 2 Defined Contribution 401(k) plan.

3. **CHANGES IN ASSUMPTIONS**

As a result of the passage of SB 129, the retirement rates for members in the Tier 2 Public Safety and Firefighter Hybrid System have been modified to be the same as the assumption used to model the retirement pattern in the Tier I Public Safety and Firefighter Systems, except for a 10% load at first eligibility for unreduced retirement prior to age 65.

(This page intentionally left blank)



Supplementary Information

(This page intentionally left blank)

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are restricted to expenditure for particular purposes.

- 1) **Fitness Center** – This fund is used to account for fees charged to users and expenditures dealing with operation and maintenance of the City’s fitness center.
- 2) **PARC Tax** – This fund is used to account for the revenues received by the City from the Utah State Tax Commission and expenditures (mainly grants) relating to the City’s Parks, Arts, Recreation, and Culture tax.
- 3) **Redevelopment Agency** – The RDA Fund is used to account for the activities of the Redevelopment Agency. The Agency is an entity established to further public purpose in the redevelopment of particular City areas.
- 4) **Downtown Redevelopment** – The downtown redevelopment fund is used to enhance and promote the City’s core downtown area and to account for small business revolving loans issued by the city.
- 5) **Celebration** – This fund is used to account for the activities of Steel Days, the City’s annual celebration.
- 6) **Building Authority** – The building authority fund is used to account for the construction of capital facilities within the City.

PERMANENT FUND

Permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City’s program.

- 1) **Perpetual Care Fund** – This fund is used to account for the funds received for the perpetual care of the cemetery.



CITY OF AMERICAN FORK
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue			
	Fitness Center	PARC Tax	Redevelopment Agency	Downtown Redevelopment
ASSETS				
Cash and Cash Equivalents	\$ 108,648	\$ 444,523	\$ 4,900,988	\$ 84,131
Receivables	-	230,754	1,381,996	19,626
Inventories	18,428	-	-	-
Due From Other Funds	-	-	-	-
Total Assets	<u>127,076</u>	<u>675,277</u>	<u>6,282,984</u>	<u>103,757</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	<u>127,076</u>	<u>341,283</u>	<u>3,408</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	<u>-</u>	<u>-</u>	<u>1,381,996</u>	<u>-</u>
FUND BALANCES				
Nonspendable				
Inventories	18,428	-	-	-
Restricted				
Redevelopment	-	-	3,269,512	-
Redevelopment-Affordable Housing	-	-	1,628,068	-
Perpetual Care	-	-	-	-
Assigned				
Subsequent Year Appropriation	-	-	-	-
Fitness Center	(18,428)	-	-	-
PARC Tax	-	333,994	-	-
Downtown Redevelopment	-	-	-	103,757
Celebration	-	-	-	-
Municipal Building Authority	-	-	-	-
Total Fund Balances	<u>-</u>	<u>333,994</u>	<u>4,897,580</u>	<u>103,757</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 127,076</u>	<u>\$ 675,277</u>	<u>\$ 6,282,984</u>	<u>\$ 103,757</u>

The notes to the required supplementary information are an integral part of this schedule.

CITY OF AMERICAN FORK
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

(continued)

	Special Revenue (continued)		Permanent	
	Celebration	Building Authority	Cemetery Care	Total
ASSETS				
Cash and Cash Equivalents	\$ 2,791	\$ 891	\$ 404,104	\$ 5,946,076
Receivables	-	-	-	1,632,376
Inventories	-	-	-	18,428
Due From Other Funds	-	-	426,954	426,954
Total Assets	<u>2,791</u>	<u>891</u>	<u>831,058</u>	<u>8,023,834</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	<u>369</u>	<u>-</u>	<u>-</u>	<u>472,136</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,381,996</u>
FUND BALANCES				
Nonspendable				
Inventories	-	-	-	18,428
Restricted				
Redevelopment	-	-	-	3,269,512
Redevelopment-Affordable Housing	-	-	-	1,628,068
Perpetual Care	-	-	831,058	831,058
Assigned	-			
Subsequent Year Appropriation	-	-	-	-
Fitness Center	-	-	-	(18,428)
PARC Tax	-	-	-	333,994
Downtown Redevelopment	-	-	-	103,757
Celebration	2,422	-	-	2,422
Municipal Building Authority	-	891	-	891
Total Fund Balances	<u>2,422</u>	<u>891</u>	<u>831,058</u>	<u>6,169,702</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,791</u>	<u>\$ 891</u>	<u>\$ 831,058</u>	<u>\$ 8,023,834</u>

CITY OF AMERICAN FORK**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**

Nonmajor Governmental Funds

For the Year Ended June 30, 2020

	Special Revenue			
	Fitness Center	PARC Tax	Redevelopment Agency	Downtown Redevelopment
REVENUES				
Charges for Services	\$ 1,513,255	\$ -	\$ -	\$ -
Taxes	-	1,194,830	1,291,184	-
Interest Earnings	-	9,220	82,672	2,450
Miscellaneous	6,492	-	-	-
Total Revenues	1,519,747	1,204,050	1,373,856	2,450
EXPENDITURES				
General Government	-	11,800	-	-
Community Services	-	558,100	-	-
Recreation and Culture	2,044,619	386,584	-	-
Redevelopment and Public Improvements	-	-	560,746	32,800
Interfund Charges	269,057	9,356	33,942	-
Total Expenditures	2,313,676	965,840	594,688	32,800
Excess (Deficiency) of Revenues over Expenditures	(793,929)	238,210	779,168	(30,350)
OTHER FINANCING SOURCES (USES)				
Transfers In	836,856	-	-	-
Transfers Out	(143,615)	-	-	-
Total Other Financing Sources (Uses)	693,241	-	-	-
Net Change in Fund Balances	(100,688)	238,210	779,168	(30,350)
Fund Balances - Beginning	100,688	95,784	4,118,412	134,107
Fund Balances - Ending	\$ -	\$ 333,994	\$ 4,897,580	\$ 103,757

The notes to the required supplementary information are an integral part of this schedule.

CITY OF AMERICAN FORK**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**

Nonmajor Governmental Funds

For the Year Ended June 30, 2020

(continued)

	Special Revenue (continued)		Permanent	
	Celebration	Building Authority	Cemetery Care	Total
REVENUES				
Charges for Services	\$ 3,800	\$ -	\$ 21,400	\$ 1,538,455
Taxes	-	-	-	2,486,014
Interest Earnings	-	-	33,031	127,373
Miscellaneous	-	-	-	6,492
Total Revenues	<u>3,800</u>	<u>-</u>	<u>54,431</u>	<u>4,158,334</u>
EXPENDITURES				
General Government	-	-	-	11,800
Community Services	-	-	-	558,100
Recreation and Culture	54,749	-	-	2,485,952
Redevelopment and Public Improvements	-	10	-	593,556
Interfund Charges	-	-	-	312,355
Total Expenditures	<u>54,749</u>	<u>10</u>	<u>-</u>	<u>3,961,763</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(50,949)</u>	<u>(10)</u>	<u>54,431</u>	<u>196,571</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	836,856
Transfers Out	-	-	(6,933)	(150,548)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(6,933)</u>	<u>686,308</u>
Net Change in Fund Balances	(50,949)	(10)	47,498	882,879
Fund Balances - Beginning	53,371	901	783,560	5,286,823
Fund Balances - Ending	<u>\$ 2,422</u>	<u>\$ 891</u>	<u>\$ 831,058</u>	<u>\$ 6,169,702</u>

CITY OF AMERICAN FORK

Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Taxes	\$ 1,210,000	\$ 1,210,000	\$ 1,450,457	\$ 240,457
Intergovernmental	6,082,000	7,196,256	1,562,201	(5,634,055)
Interest Earnings	269,000	277,425	425,297	147,872
Impact Fees	4,580,000	4,580,000	5,943,233	1,363,233
Miscellaneous	44,000	44,000	40,000	(4,000)
Total Revenues	<u>12,185,000</u>	<u>13,307,681</u>	<u>9,421,188</u>	<u>(3,886,493)</u>
EXPENDITURES				
Capital Outlay				
Streets	3,384,625	9,477,968	1,152,925	8,325,043
Public Safety	5,665,000	5,725,833	116,053	5,609,780
Parks	5,087,500	10,551,527	5,027,298	5,524,229
Fitness Center	92,000	277,780	251,223	26,557
Cemetery	70,488	73,488	17,235	56,253
Buildings	142,157	243,033	133,461	109,572
Other Projects	240,000	248,425	248,812	(387)
Total Expenditures	<u>14,681,770</u>	<u>26,598,054</u>	<u>6,947,007</u>	<u>19,651,047</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,496,770)</u>	<u>(13,290,373)</u>	<u>2,474,181</u>	<u>15,764,554</u>
OTHER FINANCING SOURCES (USES)				
Capital Contributions	-	60,000	84,794	24,794
Issuance of Long Term Debt	5,100,000	5,100,000	8,665,261	3,565,261
Cost of Issuance of Long Term Debt	-	-	(63,895)	(63,895)
Transfers In	1,062,770	2,099,129	2,209,190	110,061
Transfers Out	(412,191)	(412,191)	(523,420)	(111,229)
Total Other Financing Sources (Uses)	<u>5,750,579</u>	<u>6,846,938</u>	<u>10,371,930</u>	<u>3,524,992</u>
Net Change in Fund Balance	3,253,809	(6,443,435)	12,846,111	19,289,546
Fund Balance - July 1	<u>20,169,235</u>	<u>20,169,235</u>	<u>20,169,235</u>	<u>-</u>
Fund Balance - June 30	<u>\$ 23,423,044</u>	<u>\$ 13,725,800</u>	<u>\$ 33,015,346</u>	<u>\$ 19,289,546</u>

CITY OF AMERICAN FORK**Debt Service Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Property Taxes	\$ 784,125	\$ 784,125	\$ 784,125	\$ -
Intergovernmental	350,000	350,000	350,000	-
Interest Earnings	24,000	24,000	13,877	(10,123)
Total Revenues	<u>1,158,125</u>	<u>1,158,125</u>	<u>1,148,002</u>	<u>(10,123)</u>
EXPENDITURES				
Debt Service				
Principal	1,125,000	1,125,000	1,125,000	-
Interest and Fees	131,683	131,683	131,933	(250)
Total Expenditures	<u>1,256,683</u>	<u>1,256,683</u>	<u>1,256,933</u>	<u>(250)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(98,558)</u>	<u>(98,558)</u>	<u>(108,931)</u>	<u>(9,873)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	121,558	121,558	108,931	(12,627)
Transfers Out	-	(941,411)	(941,411)	-
Total Other Financing Sources (Uses)	<u>121,558</u>	<u>(819,853)</u>	<u>(832,480)</u>	<u>(12,627)</u>
Net Change in Fund Balance	23,000	(918,411)	(941,411)	(23,000)
Fund Balance - July 1	<u>1,292,793</u>	<u>1,292,793</u>	<u>1,292,793</u>	<u>-</u>
Fund Balance - June 30	<u>\$ 1,315,793</u>	<u>\$ 374,382</u>	<u>\$ 351,382</u>	<u>\$ (23,000)</u>

CITY OF AMERICAN FORK**Fitness Center Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Charges for Services	\$ 1,871,400	\$ 1,871,400	\$ 1,513,255	\$ (358,145)
Miscellaneous	3,000	3,000	6,492	3,492
Total Revenues	<u>1,874,400</u>	<u>1,874,400</u>	<u>1,519,747</u>	<u>(354,653)</u>
EXPENDITURES				
Salaries and Benefits	1,532,253	1,532,253	1,301,851	230,402
Materials and Supplies	336,913	334,390	382,002	(47,612)
Contracted Services	103,200	103,200	109,531	(6,331)
Utilities	195,820	186,120	177,027	9,093
Cost of Goods Sold	33,300	33,300	23,726	9,574
Interfund Charges	269,057	269,057	269,057	-
Equipment Purchases	3,800	5,420	3,035	2,385
Other	52,100	52,100	47,447	4,653
Total Expenditures	<u>2,526,443</u>	<u>2,515,840</u>	<u>2,313,676</u>	<u>202,164</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(652,043)</u>	<u>(641,440)</u>	<u>(793,929)</u>	<u>(152,489)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	652,043	652,043	836,856	(184,813)
Transfers Out	-	(92,863)	(143,615)	50,752
Total Other Financing Sources (Uses)	<u>652,043</u>	<u>559,180</u>	<u>693,241</u>	<u>(134,061)</u>
Net Change in Fund Balance	-	(82,260)	(100,688)	(18,428)
Fund Balance - July 1	100,688	100,688	100,688	-
Fund Balance - June 30	<u>\$ 100,688</u>	<u>\$ 18,428</u>	<u>\$ -</u>	<u>\$ (18,428)</u>

CITY OF AMERICAN FORK**Parks, Arts, Recreation, and Culture (PARC) Tax Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Sales Tax	\$ 1,023,750	\$ 928,640	\$ 1,194,830	\$ 266,190
Interest Earnings	7,000	7,000	9,220	2,220
Total Revenues	<u>1,030,750</u>	<u>935,640</u>	<u>1,204,050</u>	<u>268,410</u>
EXPENDITURES				
General Government	6,000	6,000	11,800	(5,800)
Grants Awarded	1,015,394	950,284	944,684	5,600
Interfund Charges	9,356	9,356	9,356	-
Total Expenditures	<u>1,030,750</u>	<u>965,640</u>	<u>965,840</u>	<u>(200)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(30,000)</u>	<u>238,210</u>	<u>268,210</u>
Fund Balance - July 1	95,784	95,784	95,784	-
Fund Balance - June 30	<u>\$ 95,784</u>	<u>\$ 65,784</u>	<u>\$ 333,994</u>	<u>\$ 268,210</u>

CITY OF AMERICAN FORK
Redevelopment Agency Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual
 For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Taxes	\$ 1,232,648	\$ 1,232,648	\$ 1,291,184	\$ 58,536
Interest Earnings	38,994	38,994	82,672	43,678
Total Revenues	<u>1,271,642</u>	<u>1,271,642</u>	<u>1,373,856</u>	<u>102,214</u>
EXPENDITURES				
General Government	10,000	10,000	33,500	(23,500)
Affordable Housing	175,769	175,769	-	175,769
Interfund Charges	33,942	33,942	33,942	-
Capital Outlay and Projects	832,735	832,735	52,993	779,742
Tax Increment Distributions	439,422	439,422	474,253	(34,831.00)
Total Expenditures	<u>1,491,868</u>	<u>1,491,868</u>	<u>594,688</u>	<u>897,180</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(220,226)</u>	<u>(220,226)</u>	<u>779,168</u>	<u>999,394</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(42,063)	(42,063)	-	42,063
Total Other Financing Sources (Uses)	<u>(42,063)</u>	<u>(42,063)</u>	<u>-</u>	<u>42,063</u>
Net Change in Fund Balance	(262,289.00)	(262,289)	779,168	1,041,457
Fund Balance - July 1	<u>4,118,412</u>	<u>4,118,412</u>	<u>4,118,412</u>	<u>-</u>
Fund Balance - June 30	<u>\$ 3,856,123</u>	<u>\$ 3,856,123</u>	<u>\$ 4,897,580</u>	<u>\$ 1,041,457</u>

CITY OF AMERICAN FORK**Downtown Redevelopment Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Interest Earnings	\$ 3,000	\$ 3,000	\$ 2,450	\$ (550)
Miscellaneous	-	-	-	-
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>2,450</u>	<u>(550)</u>
EXPENDITURES				
Professional and Technical	<u>-</u>	<u>41,000</u>	<u>32,800</u>	<u>8,200</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,000</u>	<u>(38,000)</u>	<u>(30,350)</u>	<u>7,650</u>
Net Change in Fund Balance	3,000	(38,000)	(30,350)	7,650
Fund Balance - July 1	<u>134,107</u>	<u>134,107</u>	<u>134,107</u>	-
Fund Balance - June 30	<u><u>\$ 137,107</u></u>	<u><u>\$ 96,107</u></u>	<u><u>\$ 103,757</u></u>	<u><u>\$ 7,650</u></u>

CITY OF AMERICAN FORK**Celebration Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Charges for Sales and Services	\$ -	\$ 4,075	\$ 3,800	\$ (275)
Total Revenues	-	4,075	3,800	(275)
EXPENDITURES				
Production Costs	60,360	64,435	54,749	9,686
Total Expenditures	60,360	64,435	54,749	9,686
Excess (Deficiency) of Revenues Over Expenditures	(60,360)	(60,360)	(50,949)	9,411
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	10,721	10,721	-	(10,721)
Total Other Financing Sources (Uses)	10,721	10,721	-	(10,721)
Net Change in Fund Balance	(49,639)	(49,639)	(50,949)	(1,310)
Fund Balance - July 1	53,371	53,371	53,371	-
Fund Balance - June 30	\$ (6,989)	\$ (6,989)	\$ 2,422	\$ 9,411

CITY OF AMERICAN FORK
Municipal Building Authority

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual
 For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Other	100	100	10	90
Excess (Deficiency) of Revenues Over Expenditures	(100)	(100)	(10)	90
Net Change in Fund Balance	(100)	(100)	(10)	90
Fund Balance - July 1	901	901	901	-
Fund Balance - June 30	<u>\$ 801</u>	<u>\$ 801</u>	<u>\$ 891</u>	<u>\$ 90</u>

CITY OF AMERICAN FORK**Cemetery Perpetual Care Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Perpetual Care	\$ 22,000	\$ 22,000	\$ 21,400	\$ (600)
Interest Earnings	36,500	36,500	33,031	(3,469)
Total Revenues	<u>58,500</u>	<u>58,500</u>	<u>54,431</u>	<u>(4,069)</u>
EXPENDITURES				
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>58,500</u>	<u>58,500</u>	<u>54,431</u>	<u>(4,069)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(9,000)</u>	<u>(9,000)</u>	<u>(6,933)</u>	<u>2,067</u>
Total Other Financing Sources (Uses)	<u>(9,000)</u>	<u>(9,000)</u>	<u>(6,933)</u>	<u>2,067</u>
Net Change in Fund Balance	49,500	49,500	47,498	(2,002)
Fund Balance - July 1	<u>783,560</u>	<u>783,560</u>	<u>783,560</u>	<u>-</u>
Fund Balance - June 30	<u>\$ 833,060</u>	<u>\$ 833,060</u>	<u>\$ 831,058</u>	<u>\$ (2,002)</u>

NONMAJOR PROPRIETARY FUNDS

ENTERPRISE FUNDS

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is (a) financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

- 1) **Storm Drain Fund** – The Storm Drain Fund is used to account for the activities of the City’s storm drain system.
- 2) **Sanitation Fund** – The Sanitation Fund is used to account for the activities of the City’s residential sanitation and recycling programs.
- 3) **Broadband Fund** – The Broadband Fund is used to account for the provision of digital services to businesses and internet service providers.

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the City. Information Technology-This fund is used to account for the costs of providing computers, related equipment, and software to City departments. A service fee is charged to City departments monthly.

- 1) **Fleet** – This fund is used to account for the costs of maintaining the City’s vehicles and equipment.
- 2) **Information Technology** — This fund is used to account for the acquisition and maintenance of all hardware, software and technology contract services.



CITY OF AMERICAN FORK
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2020

	Storm Drain Fund	Sanitation Fund	Broadband Fund	Total
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 4,597,046	\$ 415,462	-	\$ 5,012,508
Accounts Receivable Net of Allowance	130,017	139,172	52,751	321,940
Total Current Assets	4,727,063	554,634	52,751	5,334,448
Capital Assets				
Land	15,560	-	-	15,560
Buildings and Structures	368,960	-	-	368,960
Improvements - Other than Buildings	10,727,204	-	1,200,542	11,927,746
Machinery and Equipment	50,785	-	115,413	166,198
Construction in Progress	80,648	-	-	80,648
Less Accumulated Depreciation	(3,326,309)	-	(778,137)	(4,104,446)
Capital Assets (Net of Accumulated Depreciation)	7,916,848	-	537,818	8,454,666
Total Assets	12,643,911	554,634	590,569	13,789,114
DEFERRED OUTFLOWS OF RESOURCES				
Resources Related to Pensions	24,786	-	31,966	56,752
LIABILITIES				
Current Liabilities				
Accounts Payable	72,787	192,312	1,116	266,215
Accrued Liabilities	4,485	-	5,149	9,634
Compensated Absences	12,865	-	17,810	30,675
Due to Other Funds	-	-	2,583,962	2,583,962
Total Current Liabilities	90,137	192,312	2,608,037	2,890,486
Noncurrent Liabilities				
Compensated Absences	-	-	3,008	3,008
Net Pension Liability	59,173	-	76,316	135,489
Total Noncurrent Liabilities	59,173	-	79,324	138,497
Total Liabilities	149,310	192,312	2,687,361	3,028,983
DEFERRED INFLOWS OF RESOURCES				
Resources Related to Pensions	28,702	-	37,018	65,720
NET POSITION				
Net Investment in Capital Assets	7,916,848	-	537,818	8,454,666
Capital Improvements-Impact Fees	1,815,003	-	-	1,815,003
Unrestricted	2,758,834	362,322	(2,639,662)	481,494
Total Net Position	\$ 12,490,685	\$ 362,322	\$ (2,101,844)	\$ 10,751,163

CITY OF AMERICAN FORK**Combining Statement of Revenues, Expenses, and Changes in Net Position**

Nonmajor Proprietary Funds

For the Year Ended June 30, 2020

	Storm Drain Fund	Sanitation Fund	Broadband Fund	Totals
OPERATING REVENUES				
Charges for Services	\$ 1,411,339	\$ 1,489,263	\$ 183,034	\$ 3,083,636
Miscellaneous	14,710	380	-	15,090
Total Operating Revenues	<u>1,426,049</u>	<u>1,489,643</u>	<u>183,034</u>	<u>3,098,726</u>
OPERATING EXPENSES				
Salaries and Wages	235,006	-	257,445	492,451
Supplies and Materials	71,127	-	9,803	80,930
Professional and Technical	132,391	8,662	167,324	308,377
Contracted Services	-	1,342,479	-	1,342,479
Interfund Charges	275,246	99,357	48,183	422,786
Depreciation	281,806	-	48,433	330,239
Other	47,222	11,064	22,295	80,581
Total Operating Expenses	<u>1,042,798</u>	<u>1,461,562</u>	<u>553,483</u>	<u>3,057,843</u>
Operating Income (Loss)	<u>383,251</u>	<u>28,081</u>	<u>(370,449)</u>	<u>40,883</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Earnings	72,990	7,114	-	80,104
Total Non-Operating Revenue (Expenses)	<u>72,990</u>	<u>7,114</u>	<u>-</u>	<u>80,104</u>
Income (Loss) Before Contributions and Transfers	<u>456,241</u>	<u>35,195</u>	<u>(370,449)</u>	<u>120,987</u>
CONTRIBUTIONS AND TRANSFERS				
Capital Contributions	291,710	-	-	291,710
Impact Fees	516,420	-	-	516,420
Transfers In	-	-	318,214	318,214
Total Contributions and Transfers	<u>808,130</u>	<u>-</u>	<u>318,214</u>	<u>1,126,344</u>
Change in Net Position	1,264,371	35,195	(52,235)	1,247,331
Net Position - Beginning	11,226,314	327,127	(2,049,609)	9,503,832
Net Position - Ending	<u>\$ 12,490,685</u>	<u>\$ 362,322</u>	<u>\$ (2,101,844)</u>	<u>\$ 10,751,163</u>

CITY OF AMERICAN FORK
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For The Year Ended June 30, 2020

	Storm Drain Fund	Sanitation Fund	Broadband Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 1,388,509	\$ 1,475,852	\$ 103,083	\$ 2,967,445
Payments to Suppliers	(182,317)	(1,280,530)	(238,475)	(1,701,322)
Interfund Services	(244,661)	(99,357)	45,099	(298,919)
Payments to Employees	(243,601)	-	(252,617)	(496,218)
Net Cash Provided by Operating Activities	717,930	95,965	(342,909)	470,986
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers In	-	-	318,214	318,214
Interfund Loans	-	-	24,696	24,696
Net Cash Used by Noncapital Financing Activities	-	-	342,909	342,909
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Impact Fees	516,420	-	-	516,420
Grants, Interlocal and Developer Contributions	291,710	-	-	291,710
Purchase of Capital Assets	(382,950)	-	-	(382,950)
Net Cash Used by Capital and Related Financing Activities	425,180	-	-	425,180
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Income	72,990	7,114	-	80,105
Net Cash Used by Investing Activities	72,990	7,114	-	80,105
Net Increase (Decrease) in Cash and Cash Equivalents	1,216,101	103,079	-	1,319,180
Cash and Cash Equivalents - Beginning of Year	3,380,945	312,383	-	3,693,328
Cash and Cash Equivalents - End of Year	\$ 4,597,046	\$ 415,462	\$ -	\$ 5,012,508
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating Income	\$ 383,251	\$ 28,081	\$ (370,449)	\$ 40,883
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	281,806	-	48,433	330,239
(Increase) Decrease in Receivables	(6,956)	(13,792)	13,332	(7,415)
(Increase) Decrease in Deferred Outflows Related to Pensions	49,178	-	48,613	97,791
Increase (Decrease) in Accounts Payable	68,423	81,675	(39,253)	110,846
Increase (Decrease) in Accrued Liabilities	901	-	1,225	2,127
Increase (Decrease) in Accrued Vacation and Sick Leave	(3,317)	-	(2,103)	(5,421)
Increase (Decrease) in Net Pension Liability	(67,575)	-	(61,767)	(129,342)
Increase (Decrease) in Deferred Inflows Related to Pensions	12,218	-	19,060	31,278
Total Adjustments	334,679	67,884	27,540	430,103
Net Cash Provided by Operating Activities	\$ 717,930	\$ 95,965	\$ (342,909)	\$ 470,986
Noncash Investing, Capital, and Financing Activities:				
Contributions of Capital Assets From Developers	\$ 291,710	\$ -	\$ -	\$ 291,710



Statistical Information

STATISTICAL SECTION

This part of the City of American Fork comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

FINANCIAL TRENDS – These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

Net Position by Component	107
Changes in Net Position	108
Governmental Funds – Fund Balances.....	112
Governmental Funds – Changes in Fund Balances	114

REVENUE CAPACITY – These schedules contain information to help the reader assess the city's most significant local revenue sources: Property tax, sales tax, and water revenue.

Assessed Value and Estimated Actual Value of Taxable Property	116
Property Tax Rates – Direct and Overlapping Governments	117
Principal Property Tax Payers.....	118
Property Tax Levied and Collections	119
Principal Sales Tax Payers	120
Direct and Overlapping Sales Tax Rates.....	121
Charges for Water, Sewer, and Storm Drain Fees	122

DEBT CAPACITY – These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Ratios of Outstanding Debt by Type	123
Ratios of General Bonded Debt Outstanding.....	124
Direct and Overlapping Governmental Activities Debt.....	125
Legal Debt Margin Information.....	126
Pledged Revenue Coverage.....	127

DEMOGRAPHIC AND ECONOMIC DEVELOPMENT INFORMATION – These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.

Demographic and Economic Statistics	128
Principal Employers.....	129
Full-time Equivalent City Government Employees by Function/Program	130

OPERATING INFORMATION – These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.

Operating Indicators by Function/Program	132
Capital Asset Statistics by Function/Program	134

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF AMERICAN FORK
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental Activities					
Net Investment in Capital Assets	\$ 86,460,099	\$ 87,054,735	\$ 88,241,186	\$ 90,845,044	\$ 93,665,386
Restricted	6,005,550	8,881,901	17,382,879	18,527,450	22,448,878
Unrestricted	4,989,870	4,882,410	777,657	5,205,301	10,008,510
Total Governmental Activities Net Position	<u>97,455,519</u>	<u>100,819,046</u>	<u>106,401,722</u>	<u>114,577,795</u>	<u>126,122,774</u>
Business-type Activities					
Net Investment in Capital Assets	50,007,841	58,941,525	66,109,556	75,253,929	80,253,639
Restricted	-	2,638	1,254,015	2,232,191	5,389,489
Unrestricted	8,318,150	9,748,980	12,271,111	17,535,009	19,903,567
Total Business-type Activities Net Position	<u>58,325,991</u>	<u>68,693,143</u>	<u>79,634,682</u>	<u>95,021,129</u>	<u>105,546,695</u>
Primary Government					
Net Investment in Capital Assets	136,467,940	145,996,260	154,350,742	166,098,973	173,919,025
Restricted	6,005,550	8,884,539	18,636,894	20,759,641	27,838,367
Unrestricted	13,308,020	14,631,390	13,048,768	22,740,310	29,912,077
Total Primary Government Net Position	<u>\$ 155,781,510</u>	<u>\$ 169,512,189</u>	<u>\$ 186,036,404</u>	<u>\$ 209,598,924</u>	<u>\$ 231,669,469</u>

	Fiscal Year				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities					
Net Investment in Capital Assets	\$ 57,444,244	\$ 63,582,936	\$ 68,037,853	\$ 71,127,403	\$ 77,235,965
Restricted	1,104,029	750,241	5,506,968	5,183,412	5,296,247
Unrestricted	11,397,457	10,709,268	8,920,179	9,904,569	5,851,287
Total Governmental Activities Net Position	<u>69,945,730</u>	<u>75,042,445</u>	<u>82,465,000</u>	<u>86,215,384</u>	<u>88,383,499</u>
Business-type Activities					
Net Investment in Capital Assets	41,068,585	41,371,052	45,269,062	47,049,142	48,714,918
Restricted	688,409	366,150	450,740	320,639	60,910
Unrestricted	9,026,278	8,888,759	6,099,071	7,493,681	7,319,026
Total Business-type Activities Net Position	<u>50,783,272</u>	<u>50,625,961</u>	<u>51,818,873</u>	<u>54,863,462</u>	<u>56,094,854</u>
Primary Government					
Net Investment in Capital Assets	98,512,829	104,953,988	113,306,915	118,176,545	125,950,883
Restricted	1,792,438	1,116,391	5,957,708	5,504,051	5,357,157
Unrestricted	20,423,735	19,598,027	15,019,250	17,398,250	13,170,313
Total Primary Government Net Position	<u>\$ 120,729,002</u>	<u>\$ 125,668,406</u>	<u>\$ 134,283,873</u>	<u>\$ 141,078,846</u>	<u>\$ 144,478,353</u>

CITY OF AMERICAN FORK
Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses					
Governmental Activities:					
General Government	\$ 3,055,046	\$ 3,295,300	\$ 2,890,554	\$ 3,159,806	\$ 3,246,024
Community Services***	-	-	-	-	-
Public Safety	5,557,713	5,941,973	6,253,368	6,595,672	7,307,342
Public Improvements (Public Works)	4,498,409	2,675,512	2,942,688	3,815,687	4,091,567
Parks, Recreation, and Culture	3,779,536	3,844,036	3,658,139	4,595,149	4,821,504
Recreation and Culture***	-	-	-	-	-
Redevelopment/Public Improvement*	-	-	-	-	-
Other	2,856,238	3,012,007	3,439,593	2,126,310	2,286,097
Interest on Long-term Debt	843,567	707,453	570,466	463,498	420,068
Total Governmental Activities Expenses	<u>20,590,509</u>	<u>19,476,281</u>	<u>19,754,808</u>	<u>20,756,122</u>	<u>22,172,602</u>
Business-type Activities					
Utility*	10,771,893	10,409,632	11,136,987	11,385,465	11,475,488
Water	-	-	-	-	-
Sewer	-	-	-	-	-
Storm Drain	-	-	-	-	-
Sanitation & Recycling	-	-	-	-	-
Broadband	627,666	526,548	456,574	313,049	300,291
Total Business-type Activities Expenses	<u>11,399,559</u>	<u>10,936,180</u>	<u>11,593,561</u>	<u>11,698,514</u>	<u>11,775,779</u>
Total Primary Government Expenses	<u>31,990,068</u>	<u>30,412,461</u>	<u>31,348,369</u>	<u>32,454,636</u>	<u>33,948,381</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	2,359,828	2,391,351	2,930,625	2,826,086	2,842,021
Community Services***	-	-	-	-	-
Public Safety	1,553,995	1,466,218	1,829,863	1,657,404	1,916,989
Public Improvements (Public Works)*	-	-	-	-	-
Parks, Recreation, and Culture	2,146,883	2,224,513	2,676,950	2,580,805	3,088,685
Recreation and Culture***	-	-	-	-	-
Other	1,418,492	1,444,883	1,341,281	1,353,946	1,516,490
Operating Grants and Contributions	1,025,270	1,016,569	956,816	903,488	973,579
Capital Grants and Contributions	720,047	2,603,074	3,792,164	726,306	2,053,979
Total Governmental Activities Programs Revenues	<u>9,224,515</u>	<u>11,146,608</u>	<u>13,527,699</u>	<u>10,048,035</u>	<u>12,391,743</u>
Business-type Activities:					
Charges for Services:					
Utility**	9,875,728	10,186,324	10,496,252	13,406,241	12,677,709
Water**	-	-	-	-	-
Sewer**	-	-	-	-	-
Storm Drain**	-	-	-	-	-
Sanitation**	-	-	-	-	-
Broadband**	258,309	187,345	233,974	217,380	231,187
Capital Grants and Contributions	1,500,194	465,969	1,536,480	563,106	969,247
Total Business-type Activities Program Revenues	<u>11,634,231</u>	<u>10,839,638</u>	<u>12,266,706</u>	<u>14,186,727</u>	<u>13,878,143</u>
Total Primary Governmental Program Revenues	<u>20,858,746</u>	<u>21,986,246</u>	<u>25,794,405</u>	<u>24,234,762</u>	<u>26,269,886</u>

CITY OF AMERICAN FORK**Changes in Net Position**

Last Ten Fiscal Years

(accrual basis of accounting)

(continued)

	Fiscal Year				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Net (Expense)/Revenue					
Governmental Activities	<u>(11,365,994)</u>	<u>(8,329,673)</u>	<u>(6,227,109)</u>	<u>(10,708,087)</u>	<u>(9,780,859)</u>
Business-type Activities	<u>234,672</u>	<u>(96,542)</u>	<u>673,145</u>	<u>2,488,213</u>	<u>2,102,364</u>
Total Primary Government Net Expense	<u>(11,131,322)</u>	<u>(8,426,215)</u>	<u>(5,553,964)</u>	<u>(8,219,874)</u>	<u>(7,678,495)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes					
Property Taxes	5,290,281	5,673,259	5,497,187	5,606,622	5,833,877
Sales and Use Taxes	5,095,374	5,534,281	5,910,616	6,235,351	6,548,967
Energy Sales and Use Tax	1,390,990	1,443,249	1,564,161	1,660,027	1,764,609
Other Taxes	539,928	552,085	528,945	515,903	570,172
Gain (Loss) on Disposition of Capital Assets	38,919	(9,430)	-	83,532	(18,270)
Investment Earnings	89,923	111,844	93,645	34,178	119,041
Transfers	98,000	121,100	124,900	322,858	349,141
Total Governmental Activities	<u>12,543,415</u>	<u>13,426,388</u>	<u>13,719,454</u>	<u>14,458,471</u>	<u>15,167,537</u>
Business-type Activities:					
Gain (Loss) on Disposal of Capital Assets	-	-	582,274.00	831,983	-
Investment Earnings	38,530	60,331	62,392	47,249	8,389
Transfers	<u>(98,000)</u>	<u>(121,100)</u>	<u>(124,900)</u>	<u>(322,858)</u>	<u>(349,141)</u>
Total Business-type Activities	<u>(59,470)</u>	<u>(60,769)</u>	<u>519,766</u>	<u>556,374</u>	<u>(340,752)</u>
Total Primary Government	<u>12,483,945</u>	<u>13,365,619</u>	<u>14,239,220</u>	<u>15,014,845</u>	<u>14,826,785</u>
Change in Net Position					
Governmental Activities	1,177,421	5,096,715	7,492,345	3,750,384	5,386,678
Business-type Activities	<u>175,202</u>	<u>(157,311)</u>	<u>1,192,911</u>	<u>3,044,587</u>	<u>1,761,612</u>
Total Primary Government	<u>\$ 1,352,623</u>	<u>\$ 4,939,404</u>	<u>\$ 8,685,256</u>	<u>\$ 6,794,971</u>	<u>\$ 7,148,290</u>

*New functional breakout for fiscal year 2017

**Utility fund was split into separate functional categories beginning fiscal year 2018

***New Functional breakout for fiscal year 2019. Parks and Cemetery were moved to Community Services.

CITY OF AMERICAN FORK
Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)

(continued)

	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Expenses					
Governmental Activities:					
General Government	\$ 3,572,021	\$ 2,795,355	\$ 2,070,697	\$ 2,452,330	\$ 2,197,343
Community Services***	-	-	-	3,471,468	3,633,976
Public Safety	7,943,707	9,030,405	10,267,680	10,648,298	10,411,791
Public Improvements (Public Works)	4,564,325	9,378,361	8,216,172	8,701,583	11,645,677
Parks, Recreation, and Culture	5,218,915	6,006,337	7,310,967	-	-
Recreation and Culture***	-	-	-	3,956,814	3,592,816
Redevelopment/Public Improvement*	-	704,508.00	571,588	581,388	627,987
Other	2,419,737	1,619,476	2,043,773	1,189,608	922,355
Interest on Long-term Debt	237,068	179,763	142,936	187,983	198,317
Total Governmental Activities Expenses	<u>23,955,773</u>	<u>29,714,205</u>	<u>30,623,813</u>	<u>31,189,472</u>	<u>33,230,262</u>
Business-type Activities					
Utility*	11,731,500	11,267,151	-	-	-
Water	-	-	6,542,288	6,624,070	6,956,281
Sewer	-	-	3,065,987	4,474,585	4,323,263
Storm Drain	-	-	791,803	1,060,060	1,039,367
Sanitation & Recycling	-	-	1,233,453	1,284,101	1,460,830
Broadband	322,303	362,011	295,890	476,902	550,118
Total Business-type Activities Expenses	<u>12,053,803</u>	<u>11,629,162</u>	<u>11,929,421</u>	<u>13,919,718</u>	<u>14,329,859</u>
Total Primary Government Expenses	<u>36,009,576</u>	<u>41,343,367</u>	<u>42,553,234</u>	<u>45,109,190</u>	<u>47,560,121</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	3,307,663	2,097,362	1,392,988	2,567,789	2,789,007
Community Services***	-	-	-	346,240	332,102
Public Safety	2,059,157	1,935,945	2,828,770	2,485,530	3,384,129
Public Improvements (Public Works)*	-	3,353,292	1,971,531	1,524,178	2,011,386
Parks, Recreation, and Culture	2,793,323	2,360,776	2,421,329	-	-
Recreation and Culture***	-	-	-	2,268,153	1,856,633
Other	1,454,551	237,238	616,261	2,138,820	913,174
Operating Grants and Contributions	1,194,235	150,212	197,024	210,911	1,620,919
Capital Grants and Contributions	5,989,128	6,091,008	8,080,920	8,350,932	10,129,814
Total Governmental Activities Programs Revenues	<u>16,798,057</u>	<u>16,225,833</u>	<u>17,508,823</u>	<u>19,892,553</u>	<u>23,037,164</u>
Business-type Activities:					
Charges for Services:					
Utility**	12,788,919	13,107,302	-	-	-
Water**	-	-	7,637,581	8,120,892	8,251,768
Sewer**	-	-	5,033,463	5,648,326	5,976,165
Storm Drain**	-	-	1,253,989	1,420,049	1,499,039
Sanitation**	-	-	1,339,449	1,392,773	1,496,757
Broadband**	282,809	143,028	206,741	233,303	183,034
Capital Grants and Contributions	1,493,957	8,722,345	8,121,255	12,239,099	7,130,448
Total Business-type Activities Program Revenues	<u>14,565,685</u>	<u>21,972,675</u>	<u>23,592,478</u>	<u>29,054,442</u>	<u>24,537,211</u>
Total Primary Governmental Program Revenues	<u>31,363,742</u>	<u>38,198,508</u>	<u>41,101,301</u>	<u>48,946,995</u>	<u>47,574,375</u>

CITY OF AMERICAN FORK**Changes in Net Position**

Last Ten Fiscal Years

(accrual basis of accounting)

(continued)

	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Net (Expense)/Revenue					
Governmental Activities	<u>(7,157,716)</u>	<u>(13,488,372)</u>	<u>(13,114,990)</u>	<u>(11,296,919)</u>	<u>(10,193,098)</u>
Business-type Activities	<u>2,511,882</u>	<u>10,343,513</u>	<u>11,663,057</u>	<u>15,134,724</u>	<u>10,207,352</u>
Total Primary Government Net Expense	<u>(4,645,834)</u>	<u>(3,144,859)</u>	<u>(1,451,933)</u>	<u>3,837,805</u>	<u>14,254</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes					
Property Taxes	5,752,741	5,631,704	5,925,821	6,433,001	6,595,930
Sales and Use Taxes	7,966,842	8,667,242	9,138,947	9,955,823	12,091,884
Energy Sales and Use Tax	1,438,048	1,556,309	1,727,350	1,745,911	1,787,645
Other Taxes	577,903	779,594	765,163	752,129	754,486
Gain (Loss) on Disposition of Capital Assets	28,918	193,971	4,028	24,085	21,328
Investment Earnings	128,617	288,598	414,839	813,766	660,147
Transfers	<u>336,667</u>	<u>92,200</u>	<u>721,518</u>	<u>(251,723)</u>	<u>(318,214)</u>
Total Governmental Activities	<u>16,229,736</u>	<u>17,209,618</u>	<u>18,697,666</u>	<u>19,472,992</u>	<u>21,593,206</u>
Business-type Activities:					
Gain (Loss) on Disposal of Capital Assets	15,980.00	8,678	-	-	-
Investment Earnings	39,942	107,161	-	-	-
Transfers	<u>(336,667)</u>	<u>(92,200)</u>	<u>(721,518)</u>	<u>251,723</u>	<u>318,214</u>
Total Business-type Activities	<u>(280,745)</u>	<u>23,639</u>	<u>(721,518)</u>	<u>251,723</u>	<u>318,214</u>
Total Primary Government	<u>15,948,991</u>	<u>17,233,257</u>	<u>17,976,148</u>	<u>19,724,715</u>	<u>21,911,420</u>
Change in Net Position					
Governmental Activities	9,072,020	3,721,246	5,582,676	8,176,073	11,400,108
Business-type Activities	<u>2,231,137</u>	<u>10,367,152</u>	<u>10,941,539</u>	<u>15,386,447</u>	<u>10,525,566</u>
Total Primary Government	<u>\$ 11,303,157</u>	<u>\$ 14,088,398</u>	<u>\$ 16,524,215</u>	<u>\$ 23,562,520</u>	<u>\$ 21,925,674</u>

CITY OF AMERICAN FORK**Fund Balances, Governmental Funds**

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund					
Nonspendable	\$ -	\$ 344,182	\$ 394,389	\$ 32,488	\$ 1,613
Restricted	-	22,331	52,780	30,325	-
Assigned	-	-	6,000	256,366	-
Unassigned	<u>4,737,401</u>	<u>3,688,156</u>	<u>2,429,940</u>	<u>2,672,934</u>	<u>6,243,556</u>
Total General Fund	<u>\$ 4,737,401</u>	<u>\$ 4,054,669</u>	<u>\$ 2,883,109</u>	<u>\$ 2,992,113</u>	<u>\$ 6,245,169</u>
All Other Governmental Funds					
Nonspendable	\$ -	\$ 4,455	\$ 448,198	\$ 18,428	\$ 18,428
Restricted	6,005,550	8,859,570	17,382,879	21,080,214	31,485,052
Committed	-	152,926	174,738	211,958	224,756
Assigned	<u>2,429,673</u>	<u>3,875,840</u>	<u>4,783,618</u>	<u>5,438,250</u>	<u>7,808,193</u>
Total All Other Governmental Funds	<u>\$ 8,435,223</u>	<u>\$ 12,892,791</u>	<u>\$ 22,789,433</u>	<u>\$ 26,748,850</u>	<u>\$ 39,536,429</u>
	Fiscal Year				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	<u>3,140,856</u>	<u>3,101,400</u>	<u>5,080,031</u>	<u>5,085,473</u>	<u>4,915,646</u>
Total General Fund	<u>\$ 3,140,856</u>	<u>\$ 3,101,400</u>	<u>\$ 5,080,031</u>	<u>\$ 5,085,473</u>	<u>\$ 4,915,646</u>
All Other Governmental Funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	3,598,813	4,246,766	-	5,183,412	5,296,247
Committed	-	-	-	-	-
Assigned	<u>6,159,169</u>	<u>4,373,993</u>	<u>9,409,631</u>	<u>4,751,441</u>	<u>3,385,180</u>
Total All Other Governmental Funds	<u>\$ 9,757,982</u>	<u>\$ 8,620,759</u>	<u>\$ 9,409,631</u>	<u>\$ 9,934,853</u>	<u>\$ 8,681,427</u>

CITY OF AMERICAN FORK
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues					
Taxes	\$ 12,462,621	\$ 13,149,836	\$ 13,532,623	\$ 14,089,752	\$ 14,499,467
Licenses and Permits	395,073	426,757	725,491	514,042	615,566
Intergovernmental	1,025,270	2,701,902	2,793,857	903,488	1,828,419
Charges for Services	3,349,109	3,336,093	3,862,975	3,585,168	3,790,434
Other Fees and Services	2,534,847	2,563,588	3,533,816	3,581,875	4,450,310
Fines and Forfeitures	940,839	844,292	337,822	296,228	505,283
Impact Fees	-	-	-	-	-
Interest	89,923	111,844	93,645	83,533	119,042
Miscellaneous	1,054,168	1,274,031	2,250,978	1,177,311	1,329,301
Total Revenues	<u>21,851,850</u>	<u>24,408,343</u>	<u>27,131,207</u>	<u>24,231,397</u>	<u>27,137,822</u>
Expenditures					
General Government	2,783,295	3,077,211	2,804,075	3,193,087	3,299,610
Community Services**	-	-	-	-	-
Public Safety	5,309,135	5,807,469	6,096,035	6,234,622	7,294,729
Public Works	3,263,774	2,389,844	3,059,266	3,186,887	3,515,264
Parks, Recreation, and Culture	3,308,963	3,494,917	4,341,405	4,211,446	4,715,931
Recreation and Culture**	-	-	-	-	-
Redevelopment and Public Improvement*	-	-	-	-	-
Other	2,733,750	2,846,528	2,052,477	2,023,758	2,330,273
Debt Service					
Principal	2,222,000	5,896,613	2,264,709	2,123,297	3,901,155
Interest and Fiscal Charges	858,174	809,761	612,845	509,400	451,694
Capital Outlay	<u>1,851,798</u>	<u>3,810,830</u>	<u>4,351,615</u>	<u>2,787,682</u>	<u>5,079,214</u>
Total Expenditures	<u>22,330,889</u>	<u>28,133,173</u>	<u>25,582,427</u>	<u>24,270,179</u>	<u>30,587,870</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(479,039)</u>	<u>(3,724,830)</u>	<u>1,548,780</u>	<u>(38,782)</u>	<u>(3,450,048)</u>
Other Financing Sources (Uses)					
Issuance of Long Term Debt	\$ 433,460	\$ 777,051	\$ 1,092,000	\$ 199,684	\$ 251,350
Proceeds From Refunding Bonds	6,302,017	1,650,000	1,517,000	3,393,000	1,684,400
Payment to Refunded Bonds Escrow /	(6,204,017)	-	(1,515,178)	(3,346,000)	-
Sale of Capital Assets	-	-	-	-	-
Capital Contributions	-	-	-	-	-
Transfers In	-	6,865,814	3,835,875	61,561,192	5,200,470
Transfers Out	-	(6,744,714)	(3,710,975)	(5,833,336)	(4,851,329)
Total Other Financing Sources (Uses)	<u>531,460</u>	<u>2,548,151</u>	<u>1,218,722</u>	<u>55,974,540</u>	<u>2,284,891</u>
Net Change in Fund Balances	<u>\$ 52,421</u>	<u>\$ (1,176,679)</u>	<u>\$ 2,767,502</u>	<u>\$ 55,935,758</u>	<u>\$ (1,165,157)</u>
Debt Service as a Percentage of Noncapital Expenditures	15.0%	27.6%	13.6%	12.3%	17.1%

* Function reporting categories were changed in fiscal year 2017.

**New functional reporting category for fiscal year 2019. Parks and Cemetery moved from Parks, Recreation, and Culture.

CITY OF AMERICAN FORK
Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(continued)

	Fiscal Year				
	<u>2016</u>	<u>2017*</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues					
Taxes	\$ 14,917,330	\$ 16,641,779	\$ 17,563,850	\$ 18,857,890	\$ 21,257,199
Licenses and Permits	786,932	1,311,426	1,185,745	1,242,592	1,367,011
Intergovernmental	3,779,854	1,871,476	2,517,779	2,133,364	3,521,719
Charges for Services	3,988,112	7,691,921	6,575,437	6,930,953	8,146,736
Other Fees and Services	4,929,863	-	-	-	-
Fines and Forfeitures	384,286	301,237	320,271	348,056	353,424
Impact Fees	1,934,551	3,508,153	4,536,791	4,044,480	5,943,233
Interest	128,618	288,598	412,905	812,425	656,431
Miscellaneous	567,689	728,838	897,644	1,058,436	866,178
Total Revenues	<u>31,417,235</u>	<u>32,343,428</u>	<u>34,010,422</u>	<u>35,428,196</u>	<u>42,111,931</u>
Expenditures					
General Government	3,577,553	2,741,637	2,260,197	2,381,050	2,166,929
Community Services**	-	-	-	3,142,201	3,317,180
Public Safety	7,627,068	8,451,433	9,417,218	9,487,030	11,424,309
Public Works	3,001,782	5,380,072	4,137,204	4,702,513	4,748,529
Parks, Recreation, and Culture	5,044,723	5,438,651	6,784,885	-	-
Recreation and Culture**	-	-	-	3,740,820	3,412,295
Redevelopment and Public Improvement*	-	704,508	571,588	581,388	627,498
Other	2,330,496	1,541,899	1,566,918	765,894	423,586
Debt Service					
Principal	2,314,469	2,255,082	3,049,737	1,753,000	1,125,000
Interest and Fiscal Charges	234,690	176,689	136,991	156,884	131,933
Capital Outlay	<u>8,047,570</u>	<u>2,761,639</u>	<u>1,612,133</u>	<u>3,659,238</u>	<u>6,947,007</u>
Total Expenditures	<u>32,178,351</u>	<u>29,451,610</u>	<u>29,536,871</u>	<u>30,370,018</u>	<u>34,324,266</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(761,116)</u>	<u>2,891,818</u>	<u>4,473,551</u>	<u>5,058,178</u>	<u>7,787,665</u>
Other Financing Sources (Uses)					
Issuance of Long Term Debt	\$ -	\$ 588,292	\$ 4,000,000	\$ -	\$ 8,601,366
Proceeds From Refunding Bonds	-	-	-	-	-
Payment to Refunded Bonds Escrow /	-	-	-	-	-
Sale of Capital Assets	-	202,526	4,500	4,000	8,880
Capital Contributions	-	-	-	-	84,794.00
Transfers In	5,514,325	5,323,200	6,700,062	3,774,702	3,452,543
Transfers Out	(5,177,658)	(5,231,000)	(6,906,200)	(4,315,290)	(3,894,613)
Total Other Financing Sources (Uses)	<u>336,667</u>	<u>883,018</u>	<u>3,798,362</u>	<u>(536,588)</u>	<u>8,252,970</u>
Net Change in Fund Balances	<u>\$ (424,449)</u>	<u>\$ 3,774,836</u>	<u>\$ 8,271,913</u>	<u>\$ 4,521,590</u>	<u>\$ 16,040,635</u>
Debt Service as a Percentage of Noncapital Expenditures	10.6%	9.1%	11.4%	7.2%	4.6%

CITY OF AMERICAN FORK**Assessed Value and Estimated Actual Value of Taxable Property**

Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property (1)	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2011	1,440,098,785	118,661,531	1,558,760,316	0.002794	2,187,103,797	71.27%
2012	1,372,480,900	121,362,013	1,493,842,913	0.002812	2,108,561,775	70.85%
2013	1,363,565,561	125,804,593	1,489,370,154	0.002750	2,093,096,626	71.16%
2014	1,409,928,064	119,916,866	1,529,844,930	0.002540	2,156,622,526	70.94%
2015	1,548,870,234	123,481,592	1,672,351,826	0.002362	2,383,348,998	70.17%
2016	1,696,868,031	129,305,097	1,826,173,128	0.002261	2,599,350,351	70.25%
2017	1,830,812,843	148,940,897	1,979,753,740	0.002082	2,809,050,255	70.48%
2018	2,048,719,252	163,437,866	2,212,157,118	0.002077	3,146,551,146	70.30%
2019	2,244,488,155	170,056,220	2,414,544,375	0.002027	3,467,040,272	69.64%
2020	2,636,072,082	182,553,694	2,818,625,776	0.001906	4,061,096,712	69.41%

(1) Personal Property has been combined with centrally assessed values.

Source: Utah State Tax Commission - Property Tax Division - <https://taxrates.utah.gov>

CITY OF AMERICAN FORK
Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (rate per \$1,000 of assessed value)

Fiscal Year	City Direct Rates		Overlapping Rates					Total Tax Rate
	City Rates	Total Direct Rate	School Districts	County Assessing and Collecting	Utah County	Central Utah Water Conservancy District	North Utah County Water Conservancy District	
2011	2.794	2.794	8.812	0.199	1.143	0.436	0.028	13.412
2012	2.812	2.812	8.828	0.197	1.127	0.455	0.029	13.448
2013	2.750	2.750	8.699	0.253	1.006	0.446	0.028	13.182
2014	2.540	2.540	8.096	0.233	0.916	0.422	0.025	12.232
2015	2.362	2.362	8.177	0.228	0.870	0.405	0.024	12.066
2016	2.261	2.261	7.718	0.215	0.834	0.400	0.023	11.451
2017	2.082	2.082	7.167	0.190	0.779	0.400	0.021	10.639
2018	2.077	2.077	7.033	0.179	0.732	0.400	0.019	10.440
2019	2.027	2.027	6.699	0.167	0.672	0.400	0.017	9.982
2020	1.906	1.906	6.800	0.161	1.041	0.400	0.016	10.324

Source: Utah State Property Tax Division - <https://taxrates.utah.gov/>

CITY OF AMERICAN FORK
Principal Property Tax Payers
Current Year and Ten Years Ago

Taxpayer	2019 (Tax Calendar Year)			2009 (Tax Calendar Year)		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
IHC Health Services Inc	\$ 84,281,400	1	3.49%			
AFCC Limited	73,546,600	2	3.05%	\$ 32,638,800	1	2.22%
North Pointe Buildings LLC	45,496,500	3	1.88%			
Roderick Enterprises	32,561,900	4	1.35%			
Lakeview Meadows LLC	25,289,100	5	1.05%			
Pacificorp	24,933,166	6	1.03%	12,146,138	4	0.82%
Walmart Real Estate Business Trust	21,791,500	7	0.90%	11,555,400	5	0.78%
AF 500 E Holdings LLC	19,943,600	8				
Questar Gas (Dominion Energy)	18,742,955	9	0.78%			
American Fork SC LLC	18,779,400	10	0.78%			
Twinlab Corporation				15,709,600	2	1.07%
American Fork Shopping Center LLC				13,396,400	3	0.91%
Qwest Corp				11,509,796	6	0.78%
AFCC II LLC				10,708,900	7	0.73%
C&R North Pointe Building "C" LLC				8,662,500	8	0.59%
HD Developmetn of Maryland Inc				8,258,800	9	0.56%
Kohls Department Stores Inc				7,793,300	10	0.53%
Total	<u>\$ 365,366,121</u>		<u>15.13%</u>	<u>\$ 132,379,634</u>		<u>8.99%</u>

Source: Utah County Assessor's Office

CITY OF AMERICAN FORK
Property Tax Levied and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections for Prior Years	Total Collections to Date	
		Amount	Percentag e of Levy		Amount	Percentag e of Levy
2011	3,757,932	3,398,338	90.43%	203,333	3,601,671	95.84%
2012	3,846,022	3,611,168	93.89%	234,854	3,846,022	100.00%
2013	3,851,323	3,557,369	92.37%	288,341	3,845,710	99.85%
2014	3,896,614	3,663,388	94.01%	233,226	3,896,614	100.00%
2015	4,265,081	3,984,334	93.42%	249,547	4,233,881	99.27%
2016	4,328,459	3,975,369	91.84%	292,433	4,267,802	98.60%
2017	4,486,561	4,159,969	92.72%	250,173	4,410,141	98.30%
2018	4,625,924	4,301,956	93.00%	231,939	4,533,895	98.01%
2019	5,015,580	4,742,197	94.55%	266,019	5,008,216	99.85%
2020	5,719,547	5,387,654	94.20%	288,802	5,676,456	99.25%

Source: Utah County Treasurer's Office

CITY OF AMERICAN FORK
Principal Sales Tax Payers
Current Year and Ten Years Ago

Tax Payer*	2020			2010		
	American	Rank	Percentage	American	Rank	Percentage
	Fork Direct		of Total	Fork Direct		of Total
	POS		Direct POS	POS		Direct POS
Auto Sales*	\$ 1,018,867	1	10.22%	\$ 483,890	2	9.80%
Retail*	935,439	2	9.38	800,812	1	16.23
Retail*	637,949	3	6.40	299,425	3	6.07
Auto Sales*	540,231	4	5.42	188,341	5	3.82
Retail*	392,601	5	3.94	278,561	4	5.64
Auto Sales*	334,626	6	3.36			
Auto Sales*	233,170	7	2.34			0.00
Retail*	280,426	8	2.81			0.00
Utility*	215,620	9	2.16	132,360	8	2.68
Auto Sales*	205,313	10	2.06			
Retail*				161,491	6	3.27
Retail*				141,367	7	2.86
Auto Sales*				127,139	9	2.58
Retail*				80,080	10	1.62
Total	<u>\$ 4,794,240</u>		<u>48.06%</u>	<u>\$ 2,693,466</u>		<u>54.57%</u>

Source: Utah State Tax Commission

*Due to state statute, taxpayer industries have been published rather than taxpayer names.

CITY OF AMERICAN FORK
Direct and Overlapping Sales Tax Rates
 Last Ten Fiscal Years

Fiscal Year	American Fork City Direct Rate	Utah County	State of Utah	Mass Transit Tax	Transportation Infrastructure	PARC Tax	Total Tax Rate
2011	1.00%	0.25%	4.70%	0.80%			6.75%
2012	1.00%	0.25%	4.70%	0.80%			6.75%
2013	1.00%	0.25%	4.70%	0.80%			6.75%
2014	1.00%	0.25%	4.70%	0.80%			6.75%
2015	1.00%	0.25%	4.70%	0.80%		0.10%	6.85%
2016	1.00%	0.25%	4.70%	0.80%		0.10%	6.85%
2017	1.00%	0.25%	4.70%	0.80%		0.10%	6.85%
2018	1.00%	0.25%	4.70%	0.80%		0.10%	6.85%
2019	1.00%	0.25%	4.85%	0.80%	0.25%	0.10%	7.25%
2020	1.00%	0.25%	4.85%	0.80%	0.25%	0.10%	7.25%

Sources: Utah State Tax Commission
<http://www.tax.utah.gov/sales/rates>

CITY OF AMERICAN FORK**Charges for Water Fees**

Last Ten Fiscal Years

	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Water Sales	\$ 4,185,727	\$ 4,316,570	\$ 4,399,842	\$ 3,881,868	\$ 5,086,565
Secondary Water Sales	2,462,927	2,505,756	2,553,601	2,667,593	2,865,788
Other	<u>1,267,982</u>	<u>7,645,915</u>	<u>7,395,504</u>	<u>11,168,805</u>	<u>5,788,741</u>
Total Water Fund Revenue	<u>\$ 7,916,636</u>	<u>\$ 14,468,241</u>	<u>\$ 14,348,947</u>	<u>\$ 17,718,266</u>	<u>\$ 13,741,094</u>

	Fiscal Year				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Water Sales	\$ 2,504,513	\$ 3,253,086	\$ 3,229,413	\$ 3,758,305	\$ 3,896,571
Secondary Water Sales	1,505,077	1,551,472	1,673,190	2,147,205	2,295,288
Other	<u>97,845</u>	<u>493,841</u>	<u>1,481,684</u>	<u>1,344,831</u>	<u>609,834</u>
Total Water Fund Revenue	<u>\$ 4,107,435</u>	<u>\$ 5,298,399</u>	<u>\$ 6,384,287</u>	<u>\$ 7,250,341</u>	<u>\$ 6,801,693</u>

Source: City of American Fork

Note: Other includes Finance Charges, Connection Fees, Impact Fees, Interest Earnings, and Donated Assets

CITY OF AMERICAN FORK**Charges for Sewer and Storm Drain Fees**

Last Ten Fiscal Years

	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Sewer Fees	\$ 4,685,966	\$ 4,694,400	\$ 4,891,557	\$ 5,475,826	\$ 5,794,583
Storm Drain Fees	1,137,066	1,136,912	1,222,772	1,332,886	1,380,754
Other	<u>591,714</u>	<u>1,634,158</u>	<u>1,583,012</u>	<u>2,901,388</u>	<u>1,940,989</u>
Total Water Fund Revenue	<u>\$ 6,414,746</u>	<u>\$ 7,465,470</u>	<u>\$ 7,697,341</u>	<u>\$ 9,710,100</u>	<u>\$ 9,116,326</u>

	Fiscal Year				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Sewer Fees	\$ 4,319,004	\$ 4,374,784	\$ 4,468,923	\$ 4,524,695	\$ 4,620,284
Storm Drain Fees	725,766	832,290	868,732	976,958	1,088,181
Other	<u>78,172</u>	<u>74,563</u>	<u>102,384</u>	<u>139,968</u>	<u>131,060</u>
Total Water Fund Revenue	<u>\$ 5,122,942</u>	<u>\$ 5,281,637</u>	<u>\$ 5,440,039</u>	<u>\$ 5,641,621</u>	<u>\$ 5,839,525</u>

Source: City of American Fork

Note: Other includes Finance Charges, Connection Fees, Impact Fees, Interest Earnings, and Donated Assets

CITY OF AMERICAN FORK

Ratios of Outstanding Debt by Type

Last Ten Years

(dollars in thousands except per capita)

Fiscal Year	Governmental Activities				
	General	Special			
	Obligation Bonds	Revenue Bonds	Assessment	Note Payable	Capital Leases
2011	12,355	3,420	2,188	107	330
2012	11,090	2,980	-	54	807
2013	9,757	3,612	-	-	424
2014	8,398	3,110	-	-	456
2015	6,868	2,701	-	-	429
2016	5,280	2,200	-	-	204
2017	3,645	1,743	-	-	629
2018	1,955	4,383	-	-	1,157
2019	940	3,645	-	-	1,137
2020	8,210	3,285	-	-	2,746

Fiscal Year	Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General	Revenue Bonds			
	Obligation Bonds	Revenue Bonds			
2011	46,460	3,285	68,145	14.46%	2,555
2012	45,335	2,885	63,151	12.47%	2,330
2013	44,185	800	58,778	11.24%	2,145
2014	42,970	769	55,703	10.40%	1,995
2015	42,372	737	53,107	9.35%	1,881
2016	43,621	705	52,010	8.39%	1,837
2017	42,048	672	48,737	7.54%	1,694
2018	40,414	638	48,547	7.02%	1,644
2019	38,700	603	45,025	5.66%	1,385
2020	36,916	567	51,724	6.19%	1,560

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
See Demographic and Economic Statistics for personal income and population data.

CITY OF AMERICAN FORK
Ratios of General Bonded Debt Outstanding
 Last Ten Years
 (dollars in thousands except per capita)

Fiscal Year	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund (2)	Total	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita (4)
2011	58,815	85	58,730	2.69%	2,202
2012	56,425	-	56,425	2.68%	2,081
2013	53,942	-	53,942	2.58%	1,968
2014	51,368	-	51,368	2.38%	1,840
2015	49,240	-	49,240	2.07%	1,744
2016	48,901	-	48,901	1.88%	1,727
2017	45,693	-	45,693	1.63%	1,588
2018	42,369	-	42,369	1.35%	1,435
2019	39,640	-	39,640	1.14%	1,219
2020	45,126	-	45,126	1.11%	1,361

- Notes:
- (1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.
 - (2) This is the amount restricted for debt service principal payments.
 - (3) See the schedule of Assessed Value and the Estimated Actual Value of Taxable Property for property value data.
 - (4) Population data can be found in the Schedule of Demographic and Economic Statistics.

CITY OF AMERICAN FORK
Direct and Overlapping Governmental Activities Debt
As of June 30, 2020

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Alpine School District	628,935,742	9.71%	61,064,751
Central Utah Water Conservation District	192,855,487	6.32%	<u>12,184,881</u>
Subtotal overlapping debt			73,249,632
City direct debt			<u>14,240,833</u>
Total direct and overlapping debt			<u>\$ 87,490,465</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of American Fork. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into account. However, this does not imply that every taxpayer is a resident-and therefore responsible for repaying the debt-of each overlapping government.

CITY OF AMERICAN FORK
Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed Value	\$ 2,818,626
Reasonable Fair Cash Value	\$ 4,061,097
Debt Limit (12% of Reasonable Cash Value)	487,332
Debt applicable to limit:	
General obligation bonds	42,070
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>42,070</u>
Legal debt margin	<u>\$ 445,262</u>

	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt limit					
General (4% Fair Cash Value)	\$ 103,974	\$ 112,362	\$ 125,862	\$ 138,682	\$ 162,444
Water and Sewer (8% Fair Cash Value)	\$ 207,948	\$ 224,724	\$ 251,724	277,363	324,888
Total 12% Debt Limit	311,922	337,086	377,586	416,045	487,332
Total Net Debt Applicable to Limit	<u>45,030</u>	<u>42,025</u>	<u>38,905</u>	<u>36,380</u>	<u>42,070</u>
Legal debt margin	<u>\$ 266,892</u>	<u>\$ 295,061</u>	<u>\$ 338,681</u>	<u>\$ 379,665</u>	<u>\$ 445,262</u>
Total net debt applicable to the limit as a percentage of debt limit	14.44%	12.47%	10.30%	8.74%	8.63%

	Fiscal Year				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit					
General (4% Fair Cash Value)	\$ 87,484	\$ 84,342	\$ 83,724	\$ 86,265	\$ 95,334
Water and Sewer (8% Fair Cash Value)	\$ 174,968	\$ 168,685	\$ 167,448	\$ 172,530	\$ 190,668
Total 12% Debt Limit	262,452	253,027	251,172	258,795	286,002
Total Net Debt Applicable to Limit	<u>58,815</u>	<u>56,425</u>	<u>52,425</u>	<u>51,368</u>	<u>48,863</u>
Legal debt margin	<u>\$ 203,637</u>	<u>\$ 196,602</u>	<u>\$ 198,747</u>	<u>\$ 207,427</u>	<u>\$ 237,139</u>
Total net debt applicable to the limit as a percentage of debt limit	22.41%	22.30%	20.87%	19.85%	17.08%

Source: <https://taxrates.utah.gov/>

Notes: The general obligation bonded debt of the City is limited by the Utah Constitution (Section 14, Paragraph 4) to 12% of the "reasonable fair cash value" of property. Of this percent, a maximum of 4% may be used for general purposes. The remaining 8% and any unused portion of the 4% available for general purposes up to the maximum of 12% may be utilized for water and/or sewer purposes.

CITY OF AMERICAN FORK
Pledged Revenue Coverage
Last Ten Fiscal Years
(dollars in thousands)

	Water Revenue Bonds					
	Less:					
Fiscal	Utility Service	Operating	Net Available	Debt Service		
Year	Charge	Expenses	Revenue	Principal	Interest	Coverage
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	2,679	2,048	631	-	2	315.50
2014	3,163	2,186	977	37	17	18.09
2015	3,306	2,073	1,233	38	21	20.90
2016	3,610	1,996	1,614	32	20	31.04
2017	3,825	2,194	1,631	33	20	30.77
2018	4,110	1,526	2,584	34	18	49.69
2019	4,232	1,531	2,701	35	17	51.78
2020	4,215	1,596	2,619	37	15	50.37

Special Assessment Bonds				
Fiscal Year	Special Assessment Bonds	Debt Service		Coverage
		Principal	Interest	
2011	215	547	112	0.33
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-

Sales Tax Bonds				
Fiscal Year	Sales and Use Tax	Debt Service		Coverage
		Principal	Interest	
2011	4,552	820	362	3.85
2012	5,390	840	325	4.63
2013	5,911	460	127	10.07
2014	6,235	533	164	8.95
2015	6,549	458	45	13.02
2016	7,122	501	48	12.97
2017	7,734	457	44	15.44
2018	8,164	460	42	16.26
2019	8,882	360	111	18.86
2020	9,972	370	100	21.22

Source: The City of American Fork

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

CITY OF AMERICAN FORK
Demographic and Economic Statistics
 Last Ten Calendar Years

Calendar Year	Population	Personal Income (Federal AGI)	Per Capita Personal Income	Unemployment Rate
2010	26,672	471,354,923	17,672	7.8%
2011	27,108	506,221,345	18,674	7.5%
2012	27,405	522,828,276	19,078	5.7%
2013	27,922	535,777,308	19,188	5.0%
2014	28,235	568,057,835	20,119	4.0%
2015	28,308	619,865,023	21,897	3.5%
2016	28,770	646,512,055	22,472	3.3%
2017	29,527	691,839,424	23,431	3.1%
2018	32,519	794,817,085	24,442	2.8%
2019	33,161	836,056,288	25,212	2.6%

2009 Population Estimate - Governor's Office of Management & Budget

<http://gomb.utah.gov/budget-policy/demographic-economic-analysis/>

2010-2018 Population Estimates - U.S. Census Bureau

<https://www.census.gov/quickfacts/americanforkcityutah>

Unemployment rate - Bureau of Labor Statistics

Personal income - <http://tax.utah.gov/econstats/income/federal-returns>

CITY OF AMERICAN FORK**Principal Employers**Current Year and Ten Years Ago

<u>Employer</u>	<u>2020</u>		<u>2010</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Alpine Building LLC	500-999	1-6		
American Fork Hospital	500-999	1-6		
Domo Inc	500-999	1-6		
Henry Schein Practice Solutions	500-999	1-6		
ROI Solutions LLC	500-999	1-6		
Utah State Developmental Center	500-999	1-6		
Alpine Board of Education	250-499	7-10		
Fidelity Brokerage Services LLC	250-499	7-10		
Myler Disability	250-499	7-10		
Wal*Mart	250-499	7-10	250-499	3-4
Alpine School District			1000-1999	1
Intermountain Healthcare, Inc.			500-999	2
Dentrix Dental Systems			250-499	3-4
Home Depot			100-249	5-10
Twinlab Corp			100-249	5-10
Orangesoda, Inc.			100-249	5-10
Certiport			100-249	5-10
Novarad Corporation			100-249	5-10
Doug Smith Autoplex Inc			100-249	5-10

Source: Utah Department of Workforce Services

<https://jobs.utah.gov/jsp/firmfind/#/largefirmsearch/000049/Utah/results>

(This page intentionally left blank)

CITY OF AMERICAN FORK**Full-Time Equivalent City Government Employees by Function/Program**

Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government					
Administration	8.87	9.82	9.96	10.59	10.48
Economic Development	0.21	0.18	0.20	0.19	0.84
Police					
Officers	32.55	32.14	33.51	32.76	36.08
Civilians	8.47	9.25	9.43	9.50	8.76
Fire*					
Firefighters	31.87	35.77	37.25	33.25	34.17
Ambulance	-	-	-	-	-
Civilians	-	-	-	-	1.00
Public Works					
Buildings and Grounds	3.43	3.43	3.43	3.43	3.43
Building Inspections	4.00	4.00	4.00	3.39	3.27
Engineering	3.00	3.00	3.60	4.67	4.83
Fleet	1.00	1.00	0.57	-	-
Public Works Admin	0.77	1.09	1.90	2.00	2.00
Secondary Irrigation	2.00	2.00	2.00	2.00	2.00
Sewer	5.00	5.00	5.00	5.00	5.03
Storm Drain	1.13	1.29	1.00	1.00	1.01
Streets	5.08	6.02	7.00	6.94	7.40
Water	7.68	6.83	6.00	6.00	6.34
Planning	4.00	4.00	3.15	2.00	2.00
Recreation and Fitness					
Recreation	5.61	7.82	8.40	8.80	8.19
Fitness	35.87	37.05	36.84	40.90	43.29
Community Services					
Cemetery	7.62	7.69	7.09	7.37	7.36
Library	12.87	12.96	12.61	11.45	11.47
Literacy	1.00	1.00	0.05	0.59	0.60
Parks	8.84	10.65	10.87	11.58	10.99
Boat Harbor	1.67	0.76	1.22	1.02	1.27
Broadband	2.00	2.00	2.00	2.00	2.00
Senior Citizens	-	-	-	-	-
Arts	1.00	1.02	1.01	-	0.04
Total	<u>195.54</u>	<u>205.77</u>	<u>208.09</u>	<u>206.43</u>	<u>213.85</u>

*Fire includes contract services to City of Cedar Hills

Source: City of American Fork Finance Department

CITY OF AMERICAN FORK**Full-Time Equivalent City Government Employees by Function/Program**

Last Ten Fiscal Years

(continued)

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Government					
Administration	11.23	11.90	11.17	11.69	12.01
Economic Development	1.00	0.35	-	-	-
Police					
Officers	35.46	35.06	37.17	40.38	44.88
Civilians	10.00	10.28	10.27	10.91	10.81
Fire*					
Firefighters	32.10	34.23	35.04	33.88	32.72
Ambulance	-	-	-	-	10.86
Civilians	1.00	1.00	1.00	1.00	1.00
Public Works					
Buildings and Grounds	3.44	3.22	3.03	3.69	4.12
Building Inspections	4.00	4.58	5.00	6.32	5.95
Engineering	4.43	5.53	4.56	4.77	6.78
Fleet	-	-	-	-	-
Public Works Admin	1.99	2.58	2.74	3.00	3.70
Secondary Irrigation	2.01	2.02	2.02	3.25	3.36
Sewer	5.06	4.66	3.95	2.75	3.50
Storm Drain	1.86	2.48	2.85	2.75	3.50
Streets	7.07	6.93	6.59	6.17	6.41
Water	5.84	5.10	4.14	4.25	3.36
Planning	2.00	2.00	2.00	2.50	2.08
Parks and Recreation					
Recreation	8.87	8.65	8.21	7.34	7.49
Fitness	43.33	45.22	43.62	43.07	35.92
Community Services					
Cemetery	7.70	7.51	7.49	6.27	5.62
Library	12.16	12.19	11.87	12.63	12.07
Literacy	0.43	0.85	0.95	1.02	0.94
Parks	12.59	11.88	11.99	10.93	11.98
Boat Harbor	1.18	0.98	1.16	0.76	0.81
Broadband	2.00	2.00	2.00	2.00	2.08
Senior Citizens	-	0.23	0.43	0.44	0.48
Arts	-	-	-	-	-
Total	<u>216.75</u>	<u>221.43</u>	<u>219.25</u>	<u>221.77</u>	<u>232.43</u>

Source: The City of American Fork

CITY OF AMERICAN FORK
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2011	2012	2013	2014	2015
General Government					
Building permits Issued	299	337	398	392	504
Business Licenses Issued	-	-	-	199	218
Paychecks Issued	-	-	-	10,938	11,265
Vendor Checks Issued	-	-	-	6,052	4,564
Police**					
Physical arrests					
Adults	1,112	1,007	983	887	847
Juveniles	363	344	285	239	290
Homicide	1	-	1	1	-
Rape	7	11	5	3	7
Robbery	15	4	6	6	3
Aggravated Assault	18	8	23	16	12
Burglary	186	175	117	106	81
Larceny	795	731	672	674	719
Motor Vehicle Theft	27	34	30	37	13
Arson	1	2	2	-	-
Crime Rate/1000	29.12	26.05	23.00	22.19	21.74
Ambulance					
911 Calls	-	-	1,003	1,170	1,237
Basic Life Support Transports	-	-	468	465	464
Advanced Life Support Transports	-	-	374	379	310
Critical Care ICU Transports	-	-	40	72	48
Other	-	-	521	-	-
Fire					
Alarms	-	-	175	164	183
Public Education Events*	-	-	8,306	5,728	7,651
Public Education Contacts	-	-	-	-	-
Hydrant Inspections	-	-	2,464	776	3,160
Business Fire Inspections	-	-	305	1,132	1,454
Structural Fires	13	167	14	16	19
Vehicle Fires	7	-	170	18	56
Extractions	-	-	17	17	21
Outside Fires	19	48	20	12	15
All Other Fires	5	-	373	117	134
Mutual Aid-Given	-	-	-	-	-
Mutual Aid-Received	-	-	-	-	-
Parks and recreation					
Cemetery Burials	161	174	184	147	156
Number of Cemetery Spaces Sold	-	-	-	-	-
Fitness Center Admissions	282,991	251,632	272,533	258,406	260,000
Water					
New Residential Connections					
Residential	63	77	118	186	107
Commercial	7	10	12	19	12
Average Culinary Daily Consumption (Thousands of Gallons)	4,626	3,139	3,110	2,806	2,383
Sewer					
Average daily sewer treatment (thousands of gallons)	11,341	11,109	8,512	6,478	5,209
Library					
Volumes in Collection	113,851	108,366	112,645	122,922	106,195
Total Volumes Borrowed	311,310	364,343	295,212	299,550	307,772

* Prior to fiscal year 2016, PR contacts were included as well as PR events. Fiscal year 2016 forward is only PR events.

** American Fork and Cedar Hills combined. Source: Utah Department of Public Safety www.bci.utah.gov

Source: The City of American Fork

CITY OF AMERICAN FORK
Operating Indicators by Function/Program
Last Ten Fiscal Years

(continued)

Function/Program	Fiscal Year				
	2016	2017	2018	2019	2020
General Government					
Building permits Issued	729	629	839	749	789
Business Licenses Issued	1,436	1,399	1,382	1,599	1,651
Paychecks Issued	11,929	12,051	11,935	12,121	11,351
Vendor Checks Issued	4,170	4,432	5,216	5,320	4,519
Police**					
Physical arrests					
Adults	797	842	1,166	1,006	1,226
Juveniles	287	191	238	241	238
Homicide	-	1	1	-	-
Rape	10	8	7	8	5
Robbery	2	7	7	1	7
Aggravated Assault	15	8	10	13	19
Burglary	79	101	81	36	71
Larceny	648	715	801	641	746
Motor Vehicle Theft	39	42	40	25	34
Arson	-	-	2	2	3
Crime Rate/1000	28.00	30.66	23.81	17.99	20.47
Ambulance					
911 Calls	1,196	1,988	1,190	1,564	1,982
Basic Life Support Transports	530	755	374	551	564
Advanced Life Support Transports	399	616	331	461	339
Critical Care ICU Transports	28	66	34	21	25
Other	16	24	448	-	-
Fire					
Alarms	197	130	176	251	313
Public Education Events*	123	207	74	44	97
Public Education Contacts	-	-	13,238	6,944	4,950
Hydrant Inspections	1,915	1,576	2,648	1,466	2,861
Business Fire Inspections	974	916	324	805	1,001
Structural Fires	18	36	24	17	35
Vehicle Fires	1	9	-	107	13
Extractions	7	9	6	4	1
Outside Fires	14	40	28	22	29
All Other Fires	107	143	93	-	68
Mutual Aid-Given	-	-	-	23	137
Mutual Aid-Received	-	-	-	12	63
Parks and recreation					
Cemetery Burials	168	183	152	187	138
Number of Cemetery Spaces Sold	-	-	-	125	101
Fitness Center Admissions	265,000	275,000	280,000	285,000	222,500
Water					
New Residential Connections					
Residential	132	220	328	308	1,192
Commercial	25	33	68	25	41
Average Culinary Daily Consumption (Thousands of Gallons)	2,258	2,236	2,231	2,312	2,325
Sewer					
Average daily sewer treatment (thousands of gallons)	2,586	2,616	2,496	2,497	2,826
Library					
Volumes in Collection	124,771	127,123	144,051	182,109	184,343
Total Volumes Borrowed	290,524	312,392	336,532	388,790	369,666

Source: The City of American Fork

CITY OF AMERICAN FORK
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2011	2012	2013	2014	2015
Police					
Stations	1	1	1	1	1
Patrol officers*	32	43	43	43	43
Fire Stations	1	1	1	1	1
Public Works					
Streets (Miles)	104	105	106	112	112
Streetlights	-	-	-	1,121	1,121
Parks and Recreation					
Acreage	174	174	174	183	183
Playgrounds	31	31	32	32	32
Baseball/Softball Diamonds	11	11	11	11	11
Soccer/Football Fields	10	10	10	10	10
Flag Football Fields	8	8	8	8	8
Tackle Football Fields	1	1	1	3	3
Basketball/Tennis Courts	1	1	1	1	1
Pickleball Courts	-	-	-	-	-
Fitness Centers	1	1	1	1	1
Water					
Culinary Water Lines (Miles)	136.77	136.84	137.29	150.64	158.91
Irrigation Water Lines (Miles)	-	-	120.58	103.70	114.68
Storm Drain (Miles)	19.53	19.59	19.70	56.66	62.54
Sanitary Sewers (Miles)	110.65	110.67	111.08	123.10	123.73
Fire Hydrants	-	1,111	1,111	1,068	1,068
Upper Pond Storage Capacity (Millions of Gallor	-	5.00	5	5	5
Lower Pond Storage Capacity (Millions of Gallor	-	10.00	10	10	10

* Counting methodology changed in fiscal year 2016

Source: The City of American Fork

CITY OF AMERICAN FORK**Capital Asset Statistics by Function/Program**

Last Ten Fiscal Years

(continued)

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Police					
Stations	1	1	1	1	1
Patrol officers*	26	26	30	30	
Fire Stations	1	1	1	1	
Public Works					
Streets (Miles)	116	119	120	125	128
Streetlights	1,134	1,147	1,299	1,361	1,420
Parks and Recreation					
Acreage	183	189	189	222	
Playgrounds	32	32	32	32	
Baseball/Softball Diamonds	11	11	11	11	
Soccer/Football Fields	12	12	12	12	
Flag Football Fields	8	8	8	8	
Tackle Football Fields	3	3	3	3	
Basketball/Tennis Courts	2	2	2	2	
Pickleball Courts	-	-	6	6	
Fitness Centers	1	1	1	1	
Water					
Culinary Water Lines (Miles)	162.27	165.63	175.66	178.71	182.73
Irrigation Water Lines (Miles)	119.46	124.24	127.47	130.18	133.09
Storm Drain (Miles)	67.06	73.59	96.16	98.91	100.36
Sanitary Sewers (Miles)	123.73	124.01	120.33	122.93	125.31
Fire Hydrants	1,450	1,323	1,473	1,514	1,620
Upper Pond Storage Capacity (Millions of Gallor	5	5	5	5	5
Lower Pond Storage Capacity (Millions of Gallor	10	10	10	10	10

* Counting methodology changed in fiscal year 2016

Source: The City of American Fork

(This page intentionally left blank)



American Fork City Comprehensive Annual Financial Report



Internal Control and Compliance Reports

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Mayor, and
Members of the City Council
American Fork City, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of American Fork City, Utah (herein referred to as the "City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 30, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Larson & Company, PC

Larson & Company, PC

Spanish Fork, Utah

December 30, 2020

**INDEPENDENT AUDITOR'S REPORT AS REQUIRED BY THE STATE COMPLIANCE
AUDIT GUIDE ON COMPLIANCE WITH GENERAL STATE COMPLIANCE
REQUIREMENTS AND ON INTERNAL CONTROL OVER COMPLIANCE**

The Honorable Mayor, and
Members of the City Council
American Fork City, Utah

Report on Compliance with General State Compliance Requirements

We have audited American Fork City's (herein referred to as the "City") compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2020.

General state compliance requirements were tested for the year ended June 30, 2020 in the following areas:

Budgetary Compliance	Open and Public Meetings Act
Fund Balance	Fraud Risk Assessment
Restricted Taxes and Other Related Revenue	

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the City occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements. However, our audit does not provide a legal determination of the City's compliance.

Opinion on General State Compliance Requirements

In our opinion, American Fork City, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the State Compliance Audit Guide and which are described in a separate letter to management dated December 30, 2020. Our opinion on compliance is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying letter to those charged with governance. The City's response was not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of city is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered city's internal control over compliance with the compliance requirements that could have a direct and material effect on city to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of city's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the State Compliance Audit Guide. Accordingly, this report is not suitable for any other purpose.

Larson & Company, PC

Larson & Company, PC

Spanish Fork, Utah
December 30, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Mayor, and
Members of the City Council
American Fork City, Utah

Report on Compliance for Each Major Federal Program

We have audited American Fork City's (the "City") compliance with the types of compliance described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. American Fork City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, American Fork City, Utah complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Larson & Company, PC

Larson & Company, PC
Spanish Fork, Utah

December 30, 2020

American Fork City Corporation
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Direct or Pass-Through Grantor's Contract	Program Expenditures
Direct Awards			
U.S Department of Justice			
Bulletproof Vest Partnership	16.607		4,525
Community Oriented Policing Services	16.71		35,242
Total Department of Justice			39,767
Total Direct Awards			39,767
Indirect Awards			
U.S Department of Housing and Urban Development			
Passed through Utah County			
Community Development Block Grant	14.218	None	194,130
Total Department of Housing and Urban Development			194,130
U.S Department of the Treasury			
Passed through Utah County			
* Coronavirus Relief Fund	21.019	None	1,287,592
Total U.S Department of the Treasury			1,287,592
Total Indirect Awards			1,481,721
Total Expenditures of Federal Awards			1,521,489

* Denotes a Major Program

American Fork City Corporation
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2020

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (schedule) includes the federal award activity of American Fork City, Utah under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of American Fork City, Utah, it is not intended to and does not present the net position, or statement of activities of American Fork City, Utah.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

American Fork City, Utah has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

Note C – Loans

The City has no outstanding Federal Loans

American Fork City Corporation
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2020

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on governmental activities, business-type Activities, each major fund, and aggregate remaining fund information Unmodified

Internal Control over financial reporting:

- Material weaknesses identified ☐ Yes ☒ No
- Significant deficiencies identified ☐ Yes ☒ No

Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over federal programs

- Material weaknesses identified ☐ Yes ☒ No
- Significant deficiencies identified ☐ Yes ☒ No

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of Federal Major Programs and Type of Auditor's Report Issued on Compliance for Major Federal Programs

<u>Name of federal program or cluster</u>	<u>CFDA</u>
Coronavirus Relief Fund	21.019
Dollar threshold used to distinguish between type A and type B Programs:	<u>\$750,000</u>
Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

II. Financial statement findings

No reportable financial statement findings.

III. Federal award findings and questioned costs

No reportable federal award findings.